

BEFORE THE
ILLINOIS COMMERCE COMMISSION

ILLINOIS COMMERCE COMMISSION) DOCKET NO.
On Its Own Motion) 00 -0494
-vs-)
CENTRAL ILLINOIS LIGHT COMPANY)
CENTRAL ILLINOIS PUBLIC SERVICE COMPANY)
COMMONWEALTH EDISON COMPANY)
ILLINOIS POWER COMPANY)
INTERSTATE POWER COMPANY)
MIDAMERICAN ENERGY COMPANY)
MT. CARMEL PUBLIC UTILITY COMPANY)
SOUTH BELOIT WATER, GAS AND ELECTRIC)
COMPANY, and UNION ELECTRIC COMPANY)
Proceeding on the Commission's own)
motion concerning delivery services)
tariffs of all Illinois electric)
utilities to determine what if any)
changes should be ordered to promote)
statewide uniformity of delivery)
services and related tariffed)
offerings.)

Springfield, Illinois
December 12, 2000

Met, pursuant to notice, at 1:00 P.M.

BEFORE:

MR. MICHAEL WALLACE, Examiner

SULLIVAN REPORTING COMPANY, by
Cheryl A. Davis, Reporter, #084-001662

1 APPEARANCES:

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7 (Appearing on behalf of the Illinois
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1 PROCEEDINGS

2 EXAMINER WALLACE: Pursuant to the
3 direction of the Illinois Commerce Commission, I
4 now call Docket 00-0494. This is the Illinois
5 Commerce Commission on its own motion investigating
6 uniform delivery service tariffs.

7 May I have appearances for the record,
8 please.

9 MR. FITZHENRY: Edward Fitzhenry with the
10 law firm of Lueders, Robertson and Konzen, Post
11 Office Box 735, Granite City, Illinois 62040,
12 appearing on behalf of the Illinois Industrial
13 Energy Consumers.

14 MR. FEIN: David I. Fein and Christopher
15 J. Townsend, by the law firm of Piper, Marbury,
16 Rudnick & Wolfe, 203 North La Salle Street, Suite
17 1800, Chicago, Illinois 60601, appearing on behalf
18 of NewEnergy Midwest, L.L.C.

19 MR. RATNASWAMY: John Ratnaswamy and
20 Cynthia Fonner, F-O-N-N-E-R, of the firm of Hopkins
21 and Sutter, Three First National Plaza, Suite 4100,
22 Chicago, Illinois 60602, on behalf of Commonwealth

1 Edison Company.

2 MR. MACBRIDE: Owen MacBride, 6600 Sears
3 Tower, Chicago, Illinois 60606, and Beth O'Donnell,
4 500 South 27th Street, Decatur, Illinois 62525,
5 appearing on behalf of Illinois Power Company.

6 MS. LIEBMAN: Helen Liebman of the law
7 firm of Jones, Day, Reavis & Pogue, 1900 Huntington
8 Center, Columbus, Ohio 43215, on behalf of
9 AmerenCIPS and AmerenUE.

10 MR. JARED: Robert P. Jared, 106 East
11 Second Street, Post Office Box 4350, Davenport,
12 Iowa 52808, appearing on behalf of MidAmerican
13 Energy Company.

14 MR. REVETHIS: Steven G. Revethis and
15 John C. Feeley, Staff counsel, appearing on behalf
16 of the Illinois Commerce Commission Staff,
17 Mr. Examiner.

18 MR. WARREN: R. Lawrence Warren and Mark
19 Kaminski of the Attorney General's Office, 100 West
20 Randolph, Chicago, 60601, on behalf of the People
21 of the State of Illinois.

22 MR. SEIDEL: W. Michael Seidel for the

1 law firm of Defrees and Fiske, 200 South Michigan
2 Avenue, Suite 1100, Chicago, Illinois 60604,
3 appearing on behalf of Central Illinois Light
4 Company.

5 EXAMINER WALLACE: All right. Anyone
6 else? Thank you. Let the record reflect there are
7 no other appearances at today's hearing.

8 Preliminarily, Mr. Ragsdale contacted me,
9 and I think he e-mailed everyone. No one had any
10 cross of Mark Nielsen. Is that correct?

11 MR. RATNASWAMY: Correct.

12 MR. FITZHENRY: That's correct.

13 EXAMINER WALLACE: He submitted an
14 affidavit, and therefore Mr. Nielsen's testimony
15 which will be identified as Alliant Exhibit Number
16 1 is admitted into the record.

17 (Whereupon Alliant Exhibit
18 1 was received into
19 evidence.)

20 EXAMINER WALLACE: And Ms. Liebman
21 requested to switch Mr. Carls' and Mr. Hock's
22 order. Is that correct?

1 MS. LIEBMAN: That's correct, Your Honor.

2 EXAMINER WALLACE: Is there an objection
3 to that? All right. When we get to those two
4 gentlemen, we'll take Mr. Hock first.

5 All right. I guess we're going to start with
6 Mr. Lazare?

7 MR. REVETHIS: No, Your Honor.

8 EXAMINER WALLACE: Or Mr. Schlaf.

9 MR. REVETHIS: Mr. Schlaf, if that's
10 agreeable, Your Honor.

11 EXAMINER WALLACE: Would all the
12 witnesses that are here today please stand. Of
13 course I'll forget if you were here today and not
14 tomorrow.

15 (Whereupon nine witnesses
16 were sworn by Examiner
17 Wallace.)

18 EXAMINER WALLACE: Thank you.

19 And before we begin, are there any
20 preliminary matters anyone wishes to bring up? All
21 right. Hearing none, Mr. Revethis.

22 MR. REVETHIS: Yes, Mr. Examiner. We at

1 this time would call Staff witness Eric P. Schlaf.

2 ERIC P. SCHLAF

3 called as a witness on behalf of the Staff of the
4 Illinois Commerce Commission, having been first
5 duly sworn, was examined and testified as follows:

6 DIRECT EXAMINATION

7 BY MR. REVETHIS:

8 Q. Sir, would you kindly state your name,
9 title, and business address for the record, if you
10 would, please?

11 THE WITNESS:

12 A. My name is Eric P. Schlaf. I am an
13 economist with the Staff of the Illinois Commerce
14 Commission. My business address is 527 East
15 Capitol, Springfield, Illinois 62701.

16 Q. Sir, do you have before you a document
17 which has been previously marked for purposes of
18 identification as the Illinois Commerce Commission
19 Staff Exhibit 1 which is entitled the Direct
20 Testimony of Eric P. Schlaf, Energy Division of the
21 Illinois Commerce Commission, dated November 3,
22 2000, consisting of 22 pages of narrative

1 testimony, sir?

2 A. Yes, I do.

3 Q. Do you also have before you a document
4 which has been previously marked for purposes of
5 identification as the Illinois Commerce Commission
6 Staff Exhibit 3 entitled the Rebuttal Testimony of
7 Eric P. Schlaf, Energy Division of the Illinois
8 Commerce Commission, dated November 21, 2000,
9 consisting of 13 pages of narrative testimony, sir?

10 A. Yes, I do.

11 Q. And I ask you were both of these
12 documents prepared by you or under your direction
13 and control, sir?

14 A. Yes, they were.

15 Q. Do you have any corrections, additions,
16 or modifications to either your direct testimony or
17 your rebuttal testimony?

18 A. Yes, I have corrections to my direct
19 testimony but not to my rebuttal testimony.

20 Q. Would you kindly recite those into the
21 record at this time?

22 A. Yes. On page 5, line 12, the words on

1 that line now read "for possibility also". The
2 word "that" should be inserted after "for", so that
3 line would now read "for that possibility also".

4 MR. FEIN: What line was that again,
5 please?

6 A. That's page -- I'm sorry -- line 112
7 from the copy filed with e-Docket.

8 MR. FEIN: Thank you.

9 A. Page 11, line 253, there's a sentence
10 there that begins "ComEd's tariffs appears", and I
11 believe the word or the letter "s" from "appears"
12 should be deleted, so the sentence would begin
13 "ComEd's tariffs appear".

14 Page 15, line 346, the sentence now
15 reads: "With the exception of Mt. Carmel which has
16 a received", the word "a" should be deleted, so the
17 sentence would read: "With the exception of
18 Mt. Carmel which has received".

19 And finally, the following page, page 16,
20 line 358, the fourth word is "use", U-S-E. That
21 word should be "utilities" instead of "use", and
22 those are all the corrections.

1 Q. And you've provided those corrections to
2 the Court Reporter?

3 A. Yes, I have.

4 Q. Mr. Schlaf, having noted those
5 corrections, if I were to ask you exactly the same
6 questions as set forth in both your direct
7 narrative testimony and your rebuttal narrative
8 testimony, would you, in fact, give exactly the
9 same responses here and now today, sir?

10 A. Yes, I would.

11 MR. REVETHIS: Mr. Examiner, we at this
12 time move for the admission of Illinois Commerce
13 Commission Staff Exhibit 1, the Direct Testimony of
14 Eric P. Schlaf, and also we also move for the
15 admission into evidence of Illinois Commerce
16 Commission Staff Exhibit 3 entitled the Rebuttal
17 Testimony of Eric P. Schlaf, and we also offer the
18 witness for cross-examination at this time.

19 EXAMINER WALLACE: All right. We will
20 label Staff Exhibit Number 1 as Staff Exhibit
21 Number 1 Revised. You've given her a corrected
22 copy, correct?

1 MR. REVETHIS: That's correct,
2 Mr. Examiner, and we did label it revised.

3 EXAMINER WALLACE: All right. That's how
4 that will be marked.

5 Are there any objections to those two
6 exhibits? All right. The exhibits are admitted.

7 (Whereupon ICC Staff
8 Exhibit 1 Revised and ICC
9 Staff Exhibit 3 were
10 received into evidence.)

11 EXAMINER WALLACE: Is there any order
12 anyone wishes to begin? Mr. Fitzhenry, did you
13 have questions?

14 MR. FITZHENRY: I will be happy to
15 proceed.

16 CROSS EXAMINATION

17 BY MR. FITZHENRY:

18 Q. Good afternoon.

19 A. Good afternoon.

20 Q. Dr. Schlaf, it's correct that you were
21 one of the witnesses on behalf of the Illinois
22 Commerce Commission Staff in the 1999 delivery

1 service tariff proceedings?

2 A. Yes, I was.

3 Q. And if I recall correctly, you offered
4 testimony in the Commonwealth Edison Company,
5 Illinois Power Company, Central Illinois Light
6 Company, and the Ameren delivery service tariff
7 cases?

8 A. Yes. I believe I testified in the other
9 dockets as well.

10 Q. And do you recall in those dockets that
11 IIEC had sponsored what was termed a customer
12 tariff and a supplier tariff?

13 A. Yes, I recall that.

14 Q. Do you recall also that in those dockets
15 IIEC was promoting uniform or pro forma delivery
16 service tariffs?

17 A. Yes, I do.

18 Q. And isn't it correct that you were the
19 Staff witness that responded to, among other
20 things, the uniform DST issues in those dockets?

21 A. Yes, that's true.

22 Q. All right. In your rebuttal testimony

1 you looked at the four options as you see them in
2 terms of where the Commission can go in this
3 proceeding. Correct? I think it begins on page 10
4 of your rebuttal testimony.

5 A. Yes. This proceeding and the
6 proceedings that might be held after the conclusion
7 of this proceeding.

8 Q. And I see that specifically at least on
9 my copy page 12 which starts on line 249 you talk
10 about the fourth option, and you state that this is
11 the option that Staff favors, which would result in
12 a Commission order that accomplishes three
13 objectives, and one of the objectives would be an
14 order that states the Commission's support for
15 tariff uniformity. Correct?

16 A. Yes.

17 Q. Now I'm going to read to you some
18 statements out of the Commission orders in which
19 you participated, the delivery service tariff
20 cases, and I have a question or two about that.
21 Okay?

22 A. Okay.

1 Q. The first statement comes from the
2 Commission's final order in the CILCO delivery
3 service tariff case, Docket 99-0119 /99-0131, and
4 at page 112 in the section titled Commission
5 Conclusion with Regard to the Uniform Delivery
6 Service Tariff Issue it states as follows: "The
7 Commission agrees that uniformity of terms and
8 conditions is crucial to the development of a
9 competitive market in Illinois." Okay?

10 And then in the Ameren or AmerenUE/
11 AmerenCIPS docket, Docket 99-0121, again in the
12 context of the Commission's conclusions regarding
13 uniform delivery service tariffs, at page I think
14 it's 165 it states: "The Commission agrees that
15 uniformity of terms and conditions, to the extent
16 possible, is crucial to the development of a
17 competitive market in Illinois."

18 Okay. Now do you have those statements
19 in mind?

20 A. I'm familiar with those statements and
21 similar statements that were made in other dockets.

22 Q. Okay. My question is, beyond those

1 statements that appear in those Commission orders
2 from last year, what else would you want from the
3 Commission in terms of its affirmation or support
4 for uniform delivery service tariffs?

5 A. Well, I guess I can answer the question
6 this way. In laying out these options I've assumed
7 that the Commission has decided that it wishes to
8 see in the future or in the very near future
9 perhaps uniform tariffs. I don't think that
10 question needs to be debated any longer, and I've
11 laid out a timetable when the uniform tariff debate
12 can begin sort of in earnest, and the four options
13 hopefully are explanatory, but one of the options
14 is we've decided the question already and the
15 Commission has decided the question already, and
16 the question is should we have a uniform tariff in
17 this proceeding or a proceeding that follows this
18 proceeding. So in general I agree with those
19 statements. The Commission seems to have decided
20 that question.

21 Q. So just to follow up, you're not -- it's
22 not your recommendation that the Commission again

1 decide in this docket that uniform delivery service
2 tariffs are important for the development of an
3 energy market in Illinois.

4 A. I would like to see the Commission
5 affirm that once again.

6 MR. FITZHENRY: Thank you. That's all
7 the questions I have.

8 EXAMINER WALLACE: Mr. Fein?

9 MR. FEIN: Yes. Thank you.

10 CROSS EXAMINATION

11 BY MR. FEIN:

12 Q. Good afternoon, Dr. Schlaf .

13 A. Good afternoon.

14 Q. As you indicated in a question to
15 Mr. Fitzhenry, you were involved in all of the
16 delivery services proceedings last year. Is that
17 correct?

18 A. Yes.

19 Q. And based on your personal experience in
20 those proceedings, do you believe that from Staff's
21 perspective it would have been easier to manage
22 those proceedings if there was a pro forma or a

1 template tariff to work off of?

2 A. That's obviously a hard question to
3 answer. There are a number of factors that one
4 might consider. For example, are you asking or are
5 you assuming in your question that there was a pro
6 forma tariff that the Commission had agreed prior
7 to the cases was suitable for use in each of the
8 cases?

9 Q. Yes.

10 A. Okay. So that question didn't need to
11 be debated. I guess with that understanding, if
12 the Commission were reviewing one single tariff and
13 only looking at deviations from that tariff, I
14 think from my perspective it probably would have
15 been easier.

16 Q. Would you agree likewise that review of
17 the tariffs might have been easier for the
18 Commissioners as well if there was a template or
19 pro forma tariff that was already in existence?

20 MR. REVETHIS: I'm not certain of the
21 relevance of this to this proceeding. I mean
22 speculating as to what may have been in the past

1 I'm not certain is relevant to this docket.

2 EXAMINER WALLACE: Mr. Fein.

3 MR. FEIN: The relevance of the question
4 is merely to discuss what is clearly a central
5 issue in the case, some of the benefits of use of a
6 pro forma or template tariff. I'm merely asking
7 the witness, based upon his experience in all the
8 delivery services proceedings, whether in his view
9 that would have assisted the decision-makers
10 regarding the adoption of delivery service tariffs.

11 EXAMINER WALLACE: Well, since the orders
12 have already been entered well over a year ago, I'm
13 not sure that it has much probative value, but go
14 ahead.

15 A. I guess I can't speak about the
16 difficulties that the Commissioners face in
17 reviewing tariffs as a general matter, but I guess
18 I could say that it would have made my job easier.

19 Q. When did Staff first learn or hear of
20 the concept of pro forma or uniform delivery
21 service tariffs?

22 A. It's hard to recall the exact time. A

1 lot of time has passed since we probably became
2 aware of the fact, for example, that other states
3 have implemented or at least at that time
4 California had implemented uniform tariffs. I'm
5 guessing that it was sometime in -- certainly prior
6 to the cases which began in March of 1999 I think,
7 so it probably was 1998.

8 Q. Would you agree that pro forma tariffs
9 as you understand that concept would allow for
10 differences between utilities?

11 A. I understand at least the proposal on
12 the table that MidAmerican has offered would allow
13 for differences in terms and conditions between
14 utilities.

15 Q. And is it your understanding that that
16 proposal would also allow utilities with either
17 innovative or creative provisions to propose
18 deviations from any pro forma or uniform tariffs?

19 A. Yes. I think if they felt any deviation
20 was justified, a utility would be able to propose a
21 deviation.

22 Q. With pro forma tariffs, do you believe

1 that utility tariffs would still be complete,
2 accurate, and precise?

3 A. Certainly, especially if the Commission
4 approved them as complete and accurate and precise.

5 Q. Do you believe that pro forma tariffs
6 would in any way prevent the utility and its
7 customers from being able to function properly?

8 A. Could you expound on function, please?

9 Q. Well, do you perceive any problems in
10 the way in which a utility provides service to its
11 customers by adoption of pro forma tariffs?

12 A. I guess from the utilities' point of
13 view, they might have more difficulty in adapting
14 their processes to a pro forma tariff than if they
15 had been able to propose a tariff of their own
16 devising, but having said that, I suspect that
17 utilities would probably find a way to adapt to a
18 pro forma tariff.

19 Q. Do you believe that adoption of pro
20 forma tariffs in any way raises any safety or
21 reliability concerns?

22 A. None come to mind.

1 Q. Would you agree that with pro forma
2 tariffs, potential disputes could be more likely to
3 be avoided?

4 A. I'm not certain about that one.
5 Utilities may have individual circumstances that if
6 not reflected in their tariffs might encourage
7 disputes or lead to disputes, so I'm not -- I can't
8 say that I agree with the premise of your question.

9 Q. Let me ask you a hypothetical question.
10 If residential delivery service tariffs are only
11 going to be minor modifications from the
12 nonresidential delivery service tariffs, would that
13 argue in favor of developing pro forma tariffs
14 sooner rather than later?

15 A. I guess I don't know how to answer that.
16 It's not immediately obvious to me how the two
17 thoughts are connected. I guess I don't have an
18 answer.

19 Q. If the residential and nonresidential
20 tariffs were virtually identical except for adding
21 residential customer classes to the tariffs, would
22 you believe that that argues in favor of developing

1 pro forma tariffs sooner rather than later?

2 A. It would certainly make the job of
3 developing or reviewing a pro forma tariff easier.
4 We have the tariffs for nonresidential customers in
5 place. If the tariff proceedings next year are,
6 well, negligible I suppose in comparison with the
7 time we spent last year, it would certainly make
8 the job of reviewing those tariffs much easier if
9 we were working off a pro forma tariff. So that
10 wasn't said very well, but that's about the best I
11 can do I think.

12 Q. In your direct testimony on page 17,
13 line 396 on my copy, are you there?

14 A. Yes.

15 Q. That percentage that you list, do you
16 know whether that estimate -- whether the
17 percentage would be higher or lower for, for
18 example, Commonwealth Edison Company?

19 A. Compared to another utility?

20 Q. Yeah. As I understand it, this number
21 here is an average for all utilities.

22 A. It's kind of a ballpark number of what I

1 have heard from utilities in general. I guess I
2 don't know the breakdown between large urban areas
3 versus non-urban areas, for example.

4 Q. Okay.

5 A. I guess I could say that my
6 understanding is that nonresidential customers
7 typically have a higher on-time paying percentage
8 than residential customers.

9 Q. Do you have any knowledge whether
10 Commonwealth Edison's billing system has had any
11 problems sending bills promptly?

12 A. My understanding is that there were
13 difficulties in the last few years, and the
14 problems have largely been corrected is my
15 understanding.

16 Q. What is your understanding of utility
17 policies, and let's just use Commonwealth Edison as
18 an example, for collecting payments from a customer
19 who no longer takes service from the utility
20 because say it has moved?

21 A. My understanding. Just bundled
22 customers, for example?

1 Q. Correct.

2 A. I believe that Part 280 of the
3 Commission's rules speak to this. I confess I
4 don't know the exact rule, but I believe the
5 utility is entitled to pursue collection. I don't
6 know exactly how that would happen, but that's my
7 general understanding.

8 Q. Do you have any knowledge of how many
9 retail electric suppliers are utilizing
10 Commonwealth Edison's single bill option tariff or
11 SBO tariff?

12 A. I have heard that there are two. There
13 may be three. There may be one, but I believe that
14 two is probably accurate.

15 MR. FEIN: No further questions.

16 EXAMINER WALLACE: Mr. Ratnaswamy.

17 CROSS EXAMINATION

18 BY MR. RATNASWAMY:

19 Q. Good afternoon.

20 A. Good afternoon.

21 Q. Are you familiar with the Staff report
22 dated July 6, 2000, that is referred to in the

1 initiating order in this docket?

2 A. Yes, I am.

3 Q. Would you agree that that Staff report
4 was made a part of the record by the initiating
5 order?

6 A. I believe it has.

7 Q. Would you also agree that that Staff
8 report expressly indicated that the establishment
9 of pro forma tariffs would not be a part of this
10 docket?

11 A. I believe that sentence is there, but I
12 don't believe that single sentence accurately
13 conveys all of the thoughts that are pertinent to
14 that subject.

15 Q. Forgive me. I'm getting a copy.

16 A. And as you're getting it, I can
17 practically recite the second sentence that I'm
18 thinking of.

19 Q. Well, isn't that subject addressed both
20 on the first page and on the second page of the
21 report?

22 A. I don't recall.

1 MR. RATNASWAMY: And I brought some, but
2 not enough for everyone.

3 Q. If you could look at the fourth
4 paragraph, Dr. Schlaf.

5 A. Okay.

6 Q. The first sentence.

7 A. Yes.

8 Q. Would you mind just reading that into
9 the record?

10 A. "Staff emphasizes that the purpose of
11 the proceeding will not be to develop 'pro forma
12 tariffs' that all utilities would be required to
13 use in place of their existing tariffs."

14 Q. And you signed this report. Is that
15 correct?

16 A. Yes.

17 Q. All right. If you could look at the
18 second page of the report as well, the first full
19 paragraph, if you could look at the fourth full
20 sentence, the one that begins "The issues to be
21 litigated..." Do you see that?

22 A. Yes.

1 Q. Okay. Could you read that into the
2 record, please?

3 A. "The issues to be litigated would be
4 drawn from the list of issues in the Appendix."

5 Q. Would you agree that the Appendix to the
6 Interim Order in this docket does not contain in
7 the list of issues to be litigated the
8 establishment of pro forma tariffs?

9 A. That phrase is not used. I'd agree with
10 that. I suppose parties can interpret some of the
11 questions that are listed in the Appendix in that
12 direction, but I don't think that phrase is used.

13 Q. Okay.

14 In this docket how many parties have
15 submitted proposed pro forma tariffs?

16 A. One.

17 Q. Assuming that time permitted, would you
18 agree that it would have been preferable that the
19 Hearing Examiner and the Commission have before
20 them competing proposals for pro forma tariffs?

21 A. I think that the Commission might prefer
22 that there are multiple tariffs --

1 Q. Would you agree --

2 A. -- in competition.

3 MR. REVETHIS: I'm sorry?

4 Q. I'm sorry.

5 A. In competition.

6 Q. I'm sorry. Have you --

7 A. That's all.

8 Q. Okay. Now would you agree that the
9 proposed pro forma tariffs that have been submitted
10 by MidAmerican were not the subject of any
11 workshops?

12 A. Am I allowed to answer that question?

13 MR. FITZHENRY: I'm going to object
14 because, as I think perhaps Dr. Schlaf is pausing,
15 anything that was discussed in workshop was deemed
16 to be confidential.

17 MR. RATNASWAMY: What I'm trying to
18 establish is we have a proposal before us that was
19 never the subject of a workshop. I don't see how
20 that's confidential.

21 EXAMINER WALLACE: That objection is
22 overruled.

1 A. I'm sorry. Could you please repeat the
2 question?

3 Q. Were the proposed pro forma tariffs that
4 have been submitted by MidAmerican in this docket
5 the subject of any workshops?

6 A. Not to my recollection.

7 Q. Assuming that time permitted, would you
8 agree that it would be preferable that proposed pro
9 forma tariffs be the subject of workshops?

10 A. Yes.

11 Q. Did you first become aware of -- I'm
12 sorry. Did you first have an opportunity to review
13 MidAmerican's proposed pro forma tariffs when they
14 were filed as part of their testimony?

15 A. I'm sorry. Is the question was that the
16 first time I laid eyes on them?

17 Q. Yes.

18 A. Staff was provided a copy of the tariffs
19 prior to filing. I can't remember exactly when.

20 Q. Do you have a sense of how long in
21 advance it was?

22 A. My guess is four weeks.

1 Q. Did you find it helpful to have them in
2 advance?

3 A. For my purposes, since I was not --
4 since I did not testify on that subject during the
5 initial round of testimony, I didn't spend much
6 time reviewing them.

7 Q. Do you know if anyone else at Staff
8 reviewed them?

9 A. I believe Mr. Lazare reviewed them to
10 some degree.

11 Q. Have any workshops begun in anticipation
12 of the 2001 residential delivery services rate
13 cases?

14 A. There was one which was held several
15 weeks ago, and I believe it's the only one
16 scheduled to occur, at least to my knowledge.

17 Q. What was the subject matter of that
18 workshop?

19 A. The subject matter was -- it was kind of
20 an informal get-together about what is to take
21 place during the time between the date of the
22 workshop and the filing date which is about June

1 1st of 2001.

2 Q. Do you anticipate that there will be
3 more workshops in advance of those cases?

4 A. I'm not aware of any that are scheduled
5 currently.

6 Q. Does the fact that you're not aware of
7 any that have been scheduled mean that you
8 anticipate there will not be any?

9 A. I'm thankfully not in charge of that
10 subject, and the last word I heard was that there
11 were no further workshops scheduled.

12 Q. Do you know whether different business
13 processes will be required to be employed by the
14 utilities in connection with residential open
15 access than those that are employed with
16 nonresidential?

17 A. I am not aware of any different business
18 processes.

19 Q. Do you have any understanding of when
20 those cases -- I'm sorry. Do you have any
21 understanding of whether there is a deadline for
22 the filing of those cases?

1 A. I believe there's a statutory deadline
2 which, if I'm not mistaken, is October 1st of 2000.
3 It may be September 1st, but it's approximately six
4 months in advance of May 1, 2002.

5 Q. I don't want to have you practicing law,
6 but could you tell me, is the basis of that answer
7 a legal opinion you've received?

8 A. It's my understanding of when the
9 filings are due according to what's provided in the
10 Customer Choice Law.

11 Q. All right. Do you have an understanding
12 of when the Commerce Commission must approve --
13 what the deadline for the Commerce Commission's
14 approving the residential open access
15 implementation plans?

16 A. If I'm not mistaken, it's sixty days
17 prior to May 1, 2002.

18 Q. Do you have an understanding of when the
19 Commerce Commission must approve the residential
20 tariffs?

21 A. I believe it's thirty days prior to May
22 1, 2002.

1 Q. Do you have any anticipation about
2 whether the utilities will file their proposed
3 tariffs together with their proposed plans?

4 MR. REVETHIS: I really think we're
5 asking the witness to speculate in that regard.
6 How could he possibly have any knowledge of the
7 timing that various utilities have in mind to file
8 whatever they're going to file?

9 EXAMINER WALLACE: Well, if he has any
10 knowledge.

11 A. I'm sorry. The question was tariffs and
12 plans at the same time?

13 Q. Yes.

14 A. I suspect they probably would file them
15 more or less simultaneously, but I don't have any
16 specific knowledge about that.

17 Q. Now in your rebuttal testimony on page
18 8, I believe it's lines 173 through 176.

19 A. Yes, I see that.

20 Q. Do you see the phrase "between the two
21 proceedings"?

22 A. Yes.

1 Q. Which two proceedings did you mean?

2 A. I believe it's the conclusion of this
3 proceeding and the residential proceedings which
4 would take place during 2001.

5 Q. Is it your understanding that that
6 negotiation would take place before the proposed
7 docket is initiated that MidAmerican is
8 recommending?

9 A. Now that I review this more carefully,
10 the second proceeding I'm not certain whether it's
11 the residential proceeding or a different
12 proceeding. With that clarification, could you
13 please ask your question again?

14 Q. I don't think it makes sense to ask it
15 now.

16 Let me ask it this way. Is it your
17 impression -- never mind. I'll skip over that one.

18 On page 11 of your rebuttal testimony,
19 lines 237 to 239, could you tell us -- I'm
20 referring to the full sentence on those three
21 lines.

22 A. Yes, I see that.

1 Q. Could you tell us the basis for the
2 opinion you stated there?

3 A. There have been different opinions in
4 this case about the time at which the tariffs that
5 are in place now could be changed or should be
6 changed. There's one opinion that it would be
7 preferable, if they are to be changed, that they
8 would be changed later, sometime in the future , a
9 couple of years, perhaps after the residential
10 cases are done. I express the opinion here that it
11 might be less costly to change them now while
12 they're relatively new. It's just my sense that
13 the longer that the tariffs are in place, the more
14 arguments the Commission will hear that the tariffs
15 are fixed, irreplaceable, people are used to them,
16 and to change what would by that time be accepted
17 practices would be difficult, time consuming, and
18 costly. I think we're relatively in the infancy of
19 the tariffs' lives so to speak here, and it would
20 be easier and less costly to change them now rather
21 than later.

22 Q. Are you aware of any utility taking the

1 position that it would be more costly to make
2 changes in the tariffs at that later period to
3 which you were just referring?

4 A. If I'm not mistaken, I believe
5 Ms. Juracek expressed the opinion that it would be
6 less costly or at least preferable to change
7 tariffs sometime down the road as opposed to
8 relatively in the near future.

9 Q. Based on your answer, I think I may have
10 asked the question backwards. Has any utility
11 taken the position that it will be more costly to
12 change the tariffs at that later date?

13 A. I don't think so.

14 Q. In your rebuttal on page 9, lines 188 to
15 190, the full sentence on those lines.

16 A. Yes.

17 Q. I'm sorry; the two full sentences on
18 those lines. Would you agree that if MidAmerican's
19 proposed pro forma tariffs do not fit the needs of
20 MidAmerican and its customers, that they have less
21 legitimacy?

22 A. If MidAmerican were to declare that the

1 tariffs that they propose and changed somewhat,
2 slightly I suppose, were not suitable for them,
3 then, yes, I would agree with you. I don't think
4 that's their claim, however.

5 Q. Is it your understanding that
6 MidAmerican has indicated that it is likely that if
7 MidAmerican's proposed pro forma tariffs were
8 adopted, that MidAmerican would intend to ask for
9 deviations in some respects?

10 A. Yes.

11 Q. Has MidAmerican advised you of what
12 those likely deviations are?

13 A. I can't recall from Mr. Rea's testimony
14 whether he identified those, but my recollection is
15 that he did at least express some indication of
16 what deviations that MidAmerican might be seeking,
17 if such tariffs were adopted.

18 Q. And that recollection is based on your
19 understanding of his testimony?

20 A. Yes.

21 Q. What are the purposes of the utilities'
22 implementation plans?

1 A. I think there's a statutory purpose that
2 has to do with the utility indicating how it will
3 offer services that will allow customers to choose
4 alternative suppliers. There is a fuller
5 description than that in the law, but I think it's
6 something to that effect.

7 Q. Do you have any understanding of whether
8 the utilities' implementation plans provide
9 information that retail electric suppliers could
10 use in determining how the utility conducts its
11 business processes?

12 A. Yes. I believe the ComEd document in
13 particular is chocked full of information that is
14 useful for suppliers of customers.

15 Q. Are you familiar with ComEd's suppliers'
16 guide?

17 A. I probably have seen it, but I can't
18 recall that I have.

19 Q. Are you familiar with -- I'm sorry.

20 A. I can't recall that I have.

21 Q. Okay. I apologize. Are you familiar
22 with ComEd's customer handbook?

1 A. I'm sure I've reviewed it at some time
2 in the past, not recently.

3 Q. Should I infer from that you don't have
4 a detailed recollection of the handbook at this
5 point?

6 A. Not a detailed recollection, but if you
7 were to prompt me, I could probably think of a few
8 items that are contained in those documents.

9 MR. REVETHIS: Is this a foundation of
10 some sort for something that ties into the
11 witness's testimony?

12 MR. RATNASWAMY: Yes. Well, it would be
13 if he was more familiar, put it that way, but given
14 that he is not, I think I'll move on.

15 MR. REVETHIS: Thank you.

16 Q. In your rebuttal testimony on page 10,
17 lines 207 to 208, you state a recommendation that
18 the Commission order the utilities to conform their
19 customer and supplier tariffs to the outline. Do
20 you see that?

21 A. Yes.

22 Q. At the same time that your rebuttal

1 testimony was filed, ComEd and certain other
2 utilities submitted proposed outlines. Are you
3 familiar with those?

4 A. Yes.

5 Q. Have you had an opportunity to review
6 those?

7 A. Yes. I guess I should add though that
8 the content of the outlines is the subject of more
9 -- that should be directed to Mr. Lazare rather
10 than myself.

11 Q. Well, should we understand your
12 recommendation here to have been based on the fact
13 that at the time you presented this testimony there
14 was only one outline proposal before the
15 Commission?

16 A. I guess what I'm saying is there are a
17 lot of proposals and different thoughts about
18 uniform tariffs, including one proposal that I have
19 now, but I don't want to get lost in that that
20 Staff is still supporting the outline that we
21 offered here, and as a minimum result of this
22 docket we are proposing or asking the Commission to

1 order the utilities to use the outline that we've
2 proposed.

3 Q. All right. I guess what I'm trying to
4 get at is should we understand your recommendation
5 to be that the Commission reject the outlines that
6 have been proposed by ComEd and other utilities?

7 A. I guess that would be a question for the
8 style of the outline and the content of the
9 outline, and I would prefer to leave those
10 questions to Mr. Lazare.

11 Q. So you are not rendering an opinion on
12 that subject?

13 A. I am not.

14 Q. On page 17 of your direct in line 396
15 there is a statistic that Mr. Fein asked you about,
16 and I am not sure whether he asked you the
17 following question. Do you have any statistic for
18 the number of delivery services customers who do
19 not pay their bills within 14 days?

20 A. No. But may I add that my expectation
21 is that it would be somewhat lower than the figures
22 quoted on line 396.

1 Q. Do you have any statistics for the
2 number of delivery service customers who are on the
3 single billing option who do not pay within 14
4 days?

5 A. No, I do not.

6 I'm sorry; if I may add one thought.
7 Ms. Clair speaks to that from ComEd's point of
8 view, and I think Mr. Walsh adds a number from
9 NewEnergy's point of view, but I don't have any
10 specific information other than those two pieces of
11 information.

12 Q. Please assume the scenario in which a
13 RES doing single billing is just sending out on a
14 single bill charges for its own services and for
15 the utility's delivery services and that the
16 utility is billing for any outstanding balances.

17 A. Okay.

18 Q. Are you with me so far?

19 A. Yes, I believe.

20 Q. In that scenario do you believe that
21 retail electric suppliers will be able to explain
22 to customers why they are getting two different

1 bills for charges from the utility?

2 A. I think they would be capable of doing
3 that, yes.

4 Q. And if they make such an explanation,
5 would you agree then that the customers will not be
6 confused about the fact that they've received two
7 different bills?

8 A. It's certainly possible that a customer
9 despite the RES's best efforts or perhaps warnings
10 before they even signed up that the customer might
11 receive two bills if it owed money to the utility
12 at the time it switched, it's possible that the
13 customer still may be confused, but in general I
14 think the lines of communication should be such
15 that both sides could understand what the problem
16 is.

17 Q. Now please assume a different scenario
18 and that is that the single bill includes the RES's
19 charges, the utility's delivery service charges,
20 and the utility's charges for prior services.

21 A. Okay.

22 Q. Is there any reason in that scenario the

1 RES could not explain what's on the bill to the
2 customer?

3 MR. FEIN: Can I ask for a clarifying
4 question? When you say prior services, are you
5 referring --

6 MR. RATNASWAMY: Outstanding balances.

7 MR. FEIN: For bundled service or some
8 other --

9 MR. RATNASWAMY: It could be either.

10 A. Well, the RES might have the same -- I'm
11 sorry. The customer may have the same question I
12 have which is why are charges for services that
13 were incurred prior to the time that the RES is
14 providing service, why are they appearing on the
15 RES's bill.

16 Q. And is it your view that a customer
17 could not have that explained to them?

18 A. They probably could. I think all of
19 this could be explained, if we're just talking
20 simply about customer confusion.

21 Q. Would you agree that a retail electric
22 supplier in deciding whether to elect the single

1 billing option is likely to make a decision based
2 on what the RES believes to be in the RES's best
3 interest?

4 A. Yes, I'm sure they would take that into
5 account.

6 Q. Do you know of any reason that a RES
7 before electing the single billing option cannot
8 ask the customer whether the customer has any
9 outstanding balance owed to the utility?

10 A. I don't think there's any restriction on
11 what they can talk about. Assuming proper
12 documents are signed or authorizations are
13 obtained, they could probably ask that question.

14 Q. Do you know of any reason a retail
15 electric supplier could not ask for a deposit in
16 the amount of the outstanding balance?

17 A. They probably could make that as a
18 condition of the contract.

19 Q. Does a retail electric supplier, when a
20 customer is switched to that supplier, have to make
21 the decision whether to single bill at the time of
22 the switch?

1 A. My recollection is that the utilities'
2 tariffs allow a RES to elect single billing
3 sometime after the switch. It doesn't have to
4 happen, in other words, at the time of the switch.

5 Q. Please assume the following situation:
6 a customer contacts a utility and says please send
7 my bill to let's say my son, and that they're both
8 adults. Okay? And the utility starts to send the
9 bill to the son. Do you believe the son should be
10 liable to the utility for the amount of the bill?

11 A. In other words, if the bill is not paid,
12 the son is now legally responsible for payment?

13 Q. (Nods head up and down.)

14 MR. REVETHIS: I think we're asking the
15 witness to speculate as to the concepts of contract
16 law. I think it's inappropriate.

17 EXAMINER WALLACE: Well, I don't think
18 he's --

19 MR. REVETHIS: He's asking him for legal
20 conclusions as to fundamental contract law.

21 EXAMINER WALLACE: No, I think he's just
22 asking if the son should be or not.

1 MR. REVETHIS: I think he's saying if
2 he's liable or not. I thought that was the
3 question.

4 MR. RATNASWAMY: I'm asking if he should
5 be. If I didn't say that, that's what I intended.

6 MR. REVETHIS: It sounds like a legal
7 question to me. It sounds like a contract
8 question.

9 EXAMINER WALLACE: Go ahead and answer
10 the question.

11 A. I guess I don't know how to answer the
12 question without referring to an incomplete
13 understanding of contract law and agency law, but I
14 guess I would say this; if the customer was
15 provided the service, probably ultimately they're
16 responsible for paying for the service they were
17 provided.

18 Q. Look at page 6 of your rebuttal, please,
19 beginning on line 127 I believe.

20 A. Yes.

21 Q. And going through 130, and do you see a
22 reference to penalizing customers for billing

1 problems that could be due to the utility's own
2 errors?

3 A. Yes, I do.

4 Q. All right. Assume that the utility has
5 sent out a timely and accurate bill and that the
6 customer is not disputing the bill. Would you
7 agree that a policy that says while that bill is
8 outstanding the customer cannot be placed on a
9 single billing option is not a policy that
10 penalizes the customer due to the utility's own
11 errors?

12 A. I'd agree with that.

13 Q. Please assume as a hypothetical that the
14 Commission adopts NewEnergy's proposal here in
15 relation to the single billing, and please further
16 assume that ComEd incurs, prudently incurs costs in
17 implementing that proposal. Would you agree that
18 ComEd should be allowed to recover those costs?

19 A. My response is that I could not state on
20 behalf of Staff or sort of guarantee on behalf of
21 Staff that Staff would agree that in a future case
22 we would agree to -- I'm sorry. Let me state this

1 again.

2 This case in my understanding is not
3 about charges or costs or future costs. Those
4 costs, if any, would be handled in a future rate
5 case, so that question seems more appropriately
6 directed to a future rate case.

7 Q. Please assume now that ComEd is going to
8 recover such costs. Have you given any thought to
9 who those costs should be recovered from?

10 A. Just a little bit of thought. I guess
11 one thought would be that if we're talking about
12 the situation of a customer switching to a RES at
13 the time it owes money for past services and ComEd
14 would send a bill out to recover the -- to prompt
15 the customer to pay those charges, as I believe
16 Ms. Clair suggested in her latest testimony, it
17 would seem to be a bundled service cost rather than
18 a delivery services cost.

19 Q. Okay.

20 A. That's about all I can say on that
21 subject I guess.

22 Q. Let's assume that the cost that is being

1 recovered is a million dollars that was spent to
2 make changes in the information systems so that
3 NewEnergy's proposal could be effectuated. Have
4 you given any thought as to who should pay those
5 costs?

6 A. I guess the first question would be are
7 the changes delivery services systems changes or
8 are they bundled system service changes? And I
9 guess that would have a bearing on the question,
10 but I guess my off-the-top-of-the-head answer is if
11 the bundled service -- it's seeking payment for a
12 bundled service, it sure sounds like a bundled
13 service kind of cost.

14 Q. Now under MidAmerican's proposal, ComEd
15 would be creating new accounts each time a customer
16 switched, for example, between RESSs. Does that
17 comport with your understanding?

18 A. Yes, it does.

19 Q. Okay. Now that situation, if ComEd was
20 making changes to its information systems in order
21 to effectuate that function, would you agree that
22 that's a delivery service cost?

1 A. Yes, I guess I tend to agree with that,
2 especially because at some point in the future
3 these problems will arise as customers leave one
4 delivery service provider -- I'm sorry -- one RES
5 and switch to another RES, so from that point of
6 view they are more like delivery services costs
7 than bundled costs.

8 Q. Assuming that ComEd is allowed to
9 recover those costs from someone, tell me which, if
10 any of the following, should be the people who
11 should pay it: delivery service customers as a
12 whole, delivery service customers on the single
13 billing option, or some other possibility?

14 A. Before I answer that, if we could break
15 down the question between customers who are
16 switching off bundled service and to delivery
17 services and the other case I mentioned which is
18 switching from one RES to another.

19 Q. That's fine.

20 A. For the first case, as I said, it sounds
21 more like pursuit of a bundled service debt or
22 bundled service charge. In the second case we're

1 talking here only strictly delivery services, and
2 if I'm forced to answer, it sounds more like a
3 delivery services cost, perhaps spread amongst all
4 delivery services customers.

5 Q. All right. Should the Commission in
6 deciding whether to adopt NewEnergy's and
7 MidAmerican's proposals in relation to the single
8 billing option take into account what is in the
9 best interest of customers?

10 A. Yes, I think that would be one relevant
11 consideration.

12 Q. All right. Now I understand you have an
13 economics background. If I use the term social
14 welfare, is that a term with which you're familiar?

15 A. It's fading into the background of my
16 academic world, but yes, I'm familiar with that
17 term.

18 MR. REVETHIS: Fading with Al Gore.

19 Q. In deciding whether to adopt NewEnergy's
20 or MidAmerican's proposals in relation to the
21 single billing option, if the Commission concludes
22 there be a net decrease in social welfare, should

1 the Commission reject those proposals?

2 MR. REVETHIS: Is there some relevance to
3 this witness's testimony here?

4 EXAMINER WALLACE: Is there?

5 MR. RATNASWAMY: I think so.

6 MR. REVETHIS: You can accept -- that's
7 an objection certainly.

8 EXAMINER WALLACE: That's kind of what I
9 thought.

10 (Laughter)

11 EXAMINER WALLACE: Do you care to
12 elaborate a little further on the relevance?

13 MR. RATNASWAMY: It's my last question.

14 MR. REVETHIS: That doesn't make it okay.

15 EXAMINER WALLACE: That's relevant
16 enough.

17 A. My faint --

18 EXAMINER WALLACE: Well, wait.

19 A. I'm sorry.

20 EXAMINER WALLACE: Your objection is on
21 the basis of relevance to this docket. Is that
22 what you said?

1 MR. REVETHIS: Relevance to the docket,
2 relevance to the testimony of the witness.

3 MR. RATNASWAMY: I mean he has testified
4 on the subject --

5 MR. REVETHIS: And also vagueness.

6 MR. RATNASWAMY: He has testified on the
7 subject of single billing. It's not something
8 that's in his testimony, and I'm asking him -- and
9 there are proposals present in this docket, and I'm
10 asking what I think is a term which correctly uses
11 the term social welfare which I believe the witness
12 understands.

13 EXAMINER WALLACE: All right. Go ahead
14 and answer the question.

15 MR. REVETHIS: Did you have the question
16 in mind?

17 A. Yes. I guess loosely speaking, if
18 social welfare were valued in terms of costs and
19 benefits and the Commission added up all the costs
20 and all the benefits and concluded that the costs
21 overwhelmingly are larger than benefits, then the
22 Commission probably would -- could have a reason to

1 reject the proposals.

2 MR. RATNASWAMY: Thank you.

3 EXAMINER WALLACE: Mr. MacBride?

4 MR. MACBRIDE: Yes. Thank you.

5 CROSS EXAMINATION

6 BY MR. MACBRIDE:

7 Q. Good afternoon, Dr. Schlaf.

8 A. Good afternoon.

9 Q. Could you look at page 9 of your
10 rebuttal testimony, please?

11 A. Yes.

12 Q. Starting on line 198 on page 9, you
13 state, "I would not claim that a lack of tariff
14 uniformity is the sole reason that the vast
15 majority of customers eligible for delivery
16 services have opted not to seek service from
17 suppliers, or the reason that few suppliers have
18 entered the downstate markets, but a lack of
19 uniformity will eventually retard the growth of
20 competitive markets, if it hasn't already." Is
21 that your testimony?

22 A. Yes, it is.

1 Q. And you go on to state in that same
2 portion of your answer, "It is Staff's position
3 that uniform tariffs be in place by the time that
4 other factors presently hindering the
5 competitiveness of the Illinois market become less
6 problematic." Is that correct?

7 A. Yes, it is.

8 Q. Are you indicating there that, in fact,
9 there are other factors that you believe are
10 presently hindering the competitiveness of the
11 Illinois market?

12 A. Yes.

13 Q. Could you tell us what some of those
14 are?

15 A. It's anybody's guess which exactly are
16 the dominant factors, but speaking of the downstate
17 markets in particular, some of the factors that
18 have been cited are lower rates in comparison to
19 the rates in the ComEd area, for example, problems
20 related to the FERC OATT tariffs that are
21 dissatisfactory to suppliers; the fact that some of
22 the downstate utilities have signed up customers to

1 contracts which tie them to the host utility for a
2 number of years; the fact that we have a
3 reciprocity provision in the Customer Choice Law
4 which prevents a number of out-of-state suppliers
5 from entering the markets. There are a whole host
6 of factors, any one of which may be significant in
7 one service territory or another.

8 Q. You mention issues with the FERC OATT
9 tariffs which are dissatisfactory to suppliers.

10 A. That's my general understanding, yes,
11 their opinion.

12 Q. I take it -- strike that.

13 Is it your understanding that some
14 suppliers have expressed the view that at least
15 some of the utilities' FERC jurisdictional OATT
16 energy imbalance tariffs expose the suppliers to
17 too great a risk in serving retail load?

18 A. Yes.

19 Q. And some customers have expressed that
20 opinion also. Is that your understanding?

21 A. I believe that's true.

22 Q. With respect to the fact that some

1 utilities have signed up customers to special
2 contracts or competitive contracts, you cited that
3 as one of the factors that may be hindering the
4 development of the market. Correct?

5 A. Yes.

6 Q. Is the issue there or I guess the impact
7 there that the fact that those customers have
8 signed those contracts reduces the total available
9 pool of customers who might otherwise be available
10 to switch to RESs?

11 A. Yes, and in general one might suspect
12 that they're the most attractive customers and the
13 cream of the customer pool has been skimmed by some
14 utilities.

15 Q. Do you consider the presence of
16 transition charges a factor that may be hindering
17 the competitiveness of the Illinois market?

18 A. How could I forget that one? I don't
19 know how I forgot that, but, yes, I would agree
20 with that too.

21 Q. Would you consider the market values
22 that are produced by the neutral fact finder

1 process to be a factor that may be hindering the
2 development of the Illinois market?

3 A. I have heard that view expressed, but
4 I'm sure all of the problems will be fixed in the
5 market value docket that is presently taking place.

6 Q. You are wonderfully optimistic.

7 Is another factor that may be hindering
8 the development of the Illinois electric markets
9 volatility in the wholesale power and energy
10 markets?

11 A. I'd agree with that.

12 Q. Is another factor that may be hindering
13 the development of the Illinois retail electric
14 markets the fact that at the present time not all
15 customers are eligible for supplier choice?

16 A. That's also possibly a factor as well.

17 Q. The fact that not all customers
18 presently are eligible for supplier choice means
19 that there's a smaller pool today of potential
20 customers for RESs than there will be say after
21 January 1, 2001?

22 A. In terms of customers that's certainly

1 true. There are probably three or four or five
2 times as many customers who will become eligible
3 starting January 1st of this year and then in 2002
4 as are presently eligible now, but in terms of
5 kilowatt-hours, it's sort of roughly 50/50 I think,
6 but certainly the pool will double, if not more so,
7 in the next couple of years.

8 Q. By your reference to kilowatt-hours, are
9 you stating that about 50 percent of the total
10 kilowatt-hours in the state today are eligible for
11 customer choice and the other 50 percent are not?

12 A. Roughly speaking, I think that's true.

13 Q. You are not proposing in this docket
14 that the Commission should order all utilities to
15 adopt the pro forma tariffs presented by Mr. Rea on
16 behalf of MidAmerican, are you?

17 A. No, I'm not.

18 Q. And, in fact, your proposal is for a
19 proceeding in which whatever the party who wanted
20 to could propose a pro forma tariff for
21 consideration. Correct?

22 A. Yes, it is.

1 Q. And under your proposal would any pro
2 forma tariffs that are submitted then at the outset
3 be the subject of discussion and negotiation
4 through workshops?

5 A. That's possible. Even under my proposal
6 there's not a great deal of time between the
7 conclusion of this docket and the statutory filing
8 date for the next round of tariffs, but it's
9 probable that some time could be found even between
10 that short period for workshops.

11 Q. In your view, putting aside the time
12 constraints, would it be ideal to have workshops at
13 the outset?

14 A. I'd agree with that, yes.

15 Q. And I take it that the workshops would
16 be directed towards attempting to come to an
17 agreement on a single pro forma tariff that all the
18 utilities and other parties could support. Is that
19 correct?

20 A. Yes, that would be the objective of the
21 workshop.

22 Q. Based on your experience in prior

1 workshops involving delivery service issues, would
2 you agree that a likely outcome of such a workshop
3 process would be that some tariff provisions would
4 be agreed to and others would not be agreed to?

5 A. Yes.

6 Q. And with respect to the tariff
7 provisions that were not agreed to under your
8 proposal, what would then happen next?

9 A. Under my proposal, if let's say there
10 were three competing proposals that parties wished
11 to offer the Commission, the agreed-to proposals
12 would be part of each of those proposals. Each of
13 the proposals would be supported by their
14 adherence, and the Commission would choose which it
15 believed was the superior proposal.

16 Q. That would occur in a litigation phase
17 of the proceeding. Correct?

18 A. Yes.

19 Q. Under your proposal could parties --
20 could a party not submit a complete pro forma
21 tariff but submit specific provisions? For
22 example, if the MidAmerican pro forma tariff were

1 under consideration, could a party submit say
2 different language for 10 or 15 of the specific
3 areas of the MidAmerican tariff and say I support
4 this different language for that particular section
5 of the tariff?

6 A. That probably could be accommodated
7 within the proceeding.

8 Q. In other words, a party wouldn't be
9 required to either submit a complete tariff or
10 none. Is that correct?

11 A. No, but it's probable that you'd stand a
12 better chance of succeeding if you submitted a
13 complete tariff rather than commented on parts of
14 one, but the testimony phase of the docket has a
15 couple of rounds, and the proposals that an
16 initiator of a tariff might support could be
17 incorporated in their initial proposal I suspect,
18 and that would probably happen during the
19 proceeding.

20 Q. Well, would you expect that it would be
21 likely that at the end of the workshop phase, if
22 there were some tariff provisions agreed to, that

1 those tariff provisions would not have come from
2 just one single proposed pro forma tariff?

3 A. That's true. If a tariff has thirty
4 provisions and five or ten of them were agreed to,
5 I suspect they would become part of each of the
6 proposals that were offered during the direct phase
7 of the case.

8 Q. All right. You may not have quite
9 understood my question.

10 A. I'm sorry.

11 Q. Would you expect that the -- would you
12 see it as likely that provisions would be agreed to
13 in the workshops that weren't in anyone's original
14 proposed pro forma tariff, just through the natural
15 workings of the negotiation process that you have
16 experienced in other workshops?

17 A. It's possible.

18 Q. Under your proposal, would the
19 Commission assign a presumption to any particular
20 utility's pro forma tariff at the outset of the
21 proceeding that if there's not agreement that --
22 let me start that question over.

1 Under your proposal, would the Commission
2 assign a presumption to any party's -- any
3 particular party's proposed pro forma tariff to the
4 effect that if there is not agreement, that party's
5 tariff will be the one that all utilities will be
6 required to adopt?

7 A. I guess I could answer this way; if
8 there are competing proposals and the Commission
9 found none of them satisfactory or superior to any
10 existing utility tariff, I suspect it could refuse
11 to choose any of them, but other than that, the
12 purpose of the proceeding would be to identify the
13 tariff, and that would essentially replace the
14 existing utility tariff.

15 Q. Again, I may not have asked my question
16 clearly.

17 A. I'm sorry.

18 Q. At the start of your proposed
19 proceeding.

20 A. Oh, I'm sorry. There would be no
21 presumption that any particular proposal was
22 superior at the start over any other proposal.

1 Q. Under your proposal, could a utility
2 during the proceeding, without necessarily taking
3 issue with a template provision, request or propose
4 or present a different provision that would be
5 applicable to that utility only based on its
6 particular facts and circumstances?

7 A. Under my plan that would probably be
8 better accomplished during the residential DST
9 hearings. That is, the Commission identifies a pro
10 forma proposal. That proceeding would be quickly
11 followed by the residential hearings, and in that
12 case the utility could offer deviations from the
13 pro forma tariff that the Commission had ordered.

14 Q. Under your proposal, assuming the
15 Commission issues an order on or about July 15th, I
16 think that's your date, directing that a -- or
17 adopting a particular pro forma tariff or adopting
18 a pro forma tariff, wherever the pieces came from,
19 but adopting a pro forma tariff, at what point
20 thereafter would the utilities be required to
21 revise and place into effect tariffs in conformance
22 with the pro forma tariff?

1 A. I guess I had mainly in mind that the
2 tariffs would be effective at the conclusion of the
3 residential case. I suppose it is possible that
4 the Commission could order nonresidential tariffs
5 in place soon after the conclusion of the case,
6 July 15th or thereabouts, but I guess to me it
7 would make more sense to have all the tariffs begin
8 anew around May 1st of 2002.

9 Q. All right. So that's your proposal.

10 A. Correct.

11 EXAMINER WALLACE: 2002?

12 A. Yes, May 2002.

13 Q. So under your proposal, any utility
14 would have an opportunity, would have a time period
15 and an opportunity to present its proposed
16 deviation or unique provisions to the Commission
17 before it had to actually put into effect and
18 implement the pro forma tariff. Is that correct?

19 A. Yes.

20 Q. If you could look at your rebuttal on
21 page 12, lines 251 to 252, you state that in the
22 Commission's order in this docket the Commission

1 should require utilities to base their customer and
2 supplier tariffs on the outlines proposed by
3 Mr. Lazare. When would the utilities be required
4 to do that under your proposal? In other words,
5 when would they be required to refile their tariffs
6 to comply with the approved outline?

7 A. I don't think I've stated a date in the
8 testimony. An interim period certainly prior to
9 May 2002 would fit with the proposal here. If the
10 ultimate goal, if the ultimate understanding were
11 that May 2002 would be the date by which all
12 tariffs would be identical or pro forma in some
13 sense, this proposal, number two proposal, would
14 not be as important. But barring that, the
15 nonresidential tariffs could be conformed with the
16 outline in the interim, but I guess the main point
17 of this is, as I said earlier to a different
18 question, I didn't want to get the idea, the idea
19 that we're still proposing an outline to be lost in
20 the various competing proposals, and so that's sort
21 of our minimum proposal. If the Commission decides
22 not to pursue uniform tariffs, we still wish the

1 Commission to order utilities to adapt their
2 tariffs to an outline.

3 Q. Well, are you proposing that tariffs
4 conforming to the outline would have to be filed
5 and put into effect before the tariffs are filed
6 for the upcoming delivery service rate cases?

7 A. I guess I'll try to say it again. You
8 bring up a good point. I agree with that. It's
9 not stated here in the tariff. I mean it's not
10 stated in my testimony when that would occur. I
11 guess I'll just try to restate what I just said
12 before. If the Commission ordered a plan --

13 EXAMINER WALLACE: Well, --

14 A. I'm sorry.

15 EXAMINER WALLACE: Do you have a time in
16 mind is all he's asking.

17 A. I said -- I don't know. If I just may
18 proceed with the answer? If the Commission ordered
19 uniform tariffs and said that's going to happen by
20 2002, this step is probably unnecessary in the
21 interim between now and 2002. If it doesn't order
22 that, then the -- I think we would wish the outline

1 -- the outline for the existing tariffs to take
2 place sometime after the conclusion of this docket.

3 Q. Assuming the portion of your proposal
4 relating to the outline were adopted, Dr. Schlaf,
5 would you find it reasonable that the utilities be
6 required to use the outline in their tariff filings
7 for the upcoming delivery service rate cases?

8 A. Yes, I hope they do that.

9 Q. And would you agree it would be
10 potentially confusing for them to file what I'll
11 call compliance tariffs say thirty days after the
12 order in this docket and then file another set of
13 tariffs roughly thirty days later?

14 A. That might be a problem.

15 Q. Now you indicated in one of your earlier
16 answers to one of my questions that there was not a
17 great amount of time between the end of this docket
18 and the date you proposed for the conclusion of the
19 next proceeding that you are suggesting, and, in
20 fact, the time period involved is about three and a
21 half months. Correct?

22 A. Yes. It would be a very quick

1 proceeding.

2 Q. Would you agree that in the docket we're
3 in today the procedural schedule provided for
4 direct testimony to be filed on November 3, 2000?

5 A. Yes, I'd degree.

6 Q. And the anticipated order date is April
7 1st?

8 A. Yes.

9 Q. And, in fact, the Commission directed
10 that the proceeding be scheduled in such a manner
11 that it would allow the Commission to be able to
12 issue an order by on or about April 1st. Correct?

13 A. Yes.

14 Q. So in this docket the schedule just for
15 the litigation phase covers approximately five
16 months. Correct?

17 A. Yes.

18 Q. Would the proceeding you are proposing
19 be intended to result in a template tariff for both
20 residential and nonresidential delivery services?

21 A. Yes. Eventually all tariffs, all
22 delivery services tariffs -- I'm sorry -- the

1 customer and supplier tariffs applicable to both
2 sets of customers would be -- I'm sorry. The
3 tariff would be applicable to all sets of
4 customers, nonresidential and residential, and the
5 tariffs would be customer and supplier tariffs. I
6 guess that is what I was trying to say.

7 Q. Okay.

8 A. The answer to the question is yes.

9 Q. Can I disregard the rest?

10 A. If you can strike it, that would be the
11 best.

12 EXAMINER WALLACE: I'm sorry. The
13 witness can't strike his own testimony.

14 (Laughter)

15 MR. REVETHIS: You're going to have to
16 move to do that.

17 Q. Dr. Schlaf, under your proposal the
18 parties would be required to begin negotiating and
19 possibly even litigating the terms of residential
20 template tariffs before any utility has filed its
21 initial proposed residential delivery services
22 tariff. Correct?

1 A. I'm sorry. Was the question would this
2 proceeding that I'm proposing take place before the
3 filing of the residential tariffs? Is that the
4 question?

5 Q. Well, let me restate my question. Under
6 your proposal, would the parties be required to
7 begin negotiating and possibly even litigating the
8 terms of residential template tariffs before any
9 utility has filed its initial proposed residential
10 delivery services tariff?

11 A. I think the answer to the question was
12 yes.

13 Q. And under your proposal, the parties
14 would be required to negotiate and litigate the
15 terms of residential template tariffs before the
16 Commission has approved any residential delivery
17 service tariffs. Correct?

18 A. Before they've approved residential
19 delivery services tariffs?

20 Q. Correct.

21 A. Yes. The proceeding would take place in
22 advance of the tariffs.

1 Q. Now you've indicated in your testimony
2 on page 13 of your rebuttal and perhaps other
3 places, but certainly at page 13, that utilities
4 may file their residential tariffs and updates to
5 existing nonresidential tariffs by June 1, 2001.
6 Is that your understanding?

7 A. Yes.

8 Q. And when you say may there, you don't
9 mean that they're permitted to do so. You mean
10 that you understand that they intend to do so.
11 Correct?

12 A. I understand that upon the Staff's
13 request, they've agreed to do so.

14 Q. And I think you indicated in response to
15 some earlier cross that based on your
16 understanding, June 1, 2001 is not a statutorily
17 required filing date. Correct?

18 A. I think that was -- yes, I agree with
19 that.

20 Q. On line 283 of your rebuttal, and I
21 think this is in the context of describing, again,
22 your proposal, you say each proceeding would

1 conclude as scheduled by May 1, 2002. What is the
2 May 1, 2002 as scheduled date that you are
3 referring to?

4 A. I guess that was my attempt to avoid
5 being a legal expert, but all I meant is the
6 residential tariffs are to be implemented by May 1,
7 2002. That's the date of residential open access,
8 and the proceedings need to conclude by that time.
9 The tariffs have to be in effect certainly by that
10 date.

11 Q. Is it now your understanding that the
12 delivery service -- the residential delivery
13 service tariff cases, in fact, need to conclude
14 thirty days prior to May 1, 2002?

15 A. I understood that when I wrote the
16 testimony. I guess I didn't want to get into that
17 specificity, but certainly they need to be in place
18 by May 1, 2002, and I would agree that probably the
19 Commission is under an obligation to approve the
20 tariffs thirty days prior to that.

21 Q. Well, suppliers may want to begin
22 submitting DASRs to switch residential customers

1 prior to May 1, 2002 so that a customer can, in
2 fact, be switched on or shortly after May 1, 2002.
3 Correct?

4 A. Yes, they may wish to do so. I agree.

5 Q. I mean that's an issue that arose at the
6 initial outset of delivery services in October of
7 1999, wasn't it?

8 A. Yes. I guess I can't say what the Staff
9 opinion is on that currently.

10 Q. Well, in order for -- would you agree
11 that in order for a supplier to submit a DASR to a
12 utility to switch a residential customer, in order
13 to submit that DASR sometime during April 2002 to
14 accommodate a May 1, 2002 switch, the residential
15 tariffs need to be approved and in place prior to
16 May 1 of 2002?

17 A. I think I'd agree with that.

18 Q. You've indicated at least some utilities
19 are planning to file their residential delivery
20 service tariffs on or about June 1, 2001, at
21 Staff's request. Is that correct?

22 A. That's my understanding.

1 Q. And is this early filing date, when I
2 say early, that's in relation to the statutory
3 date, is that important to Staff?

4 A. Yes, I believe it is.

5 Q. Do you know why Staff made the request?

6 A. My understanding is that it's
7 principally to review the rates that will be filed
8 or the rates that will be applicable for
9 residential customers and any updated rates
10 applicable to nonresidential delivery services
11 customers. Traditionally the Commission has taken
12 eleven months to decide rate cases, and I think, if
13 I'm not mistaken, June 1st to May 1st or April 1st
14 is approximately eleven months or thereabouts.

15 Q. Right. So in other words, basically to
16 your understanding Staff wanted more time to review
17 the filings prior to the order date.

18 A. Yes, the rate portion of the filings in
19 particular.

20 Q. Staff wanted a longer procedural
21 schedule than was contemplated by the statute.

22 A. Yes.

1 Q. And if you know, is Staff expecting that
2 on June 1, 2001, the utilities will file not only
3 the delivery service tariffs themselves but also
4 supporting direct testimony and exhibits?

5 A. I believe they probably will.

6 Q. And, if you know, is Staff also
7 expecting that on or about June 1, 2001, the
8 utilities will provide various schedules,
9 workpapers, and other supporting materials in the
10 nature of minimum filing requirements or materials
11 similar to the minimum filing requirements that
12 were required in the initial delivery service rate
13 cases?

14 A. They probably will, yes.

15 Q. You've indicated that at least some of
16 the utilities are planning to file new or updated
17 nonresidential delivery service tariffs on June 1
18 as well as residential tariffs. Correct?

19 A. That's my understanding.

20 Q. All right. And, if you know, would
21 Staff expect that the direct testimony and exhibits
22 and the supporting workpapers and other schedules

1 for the nonresidential delivery service tariffs
2 would also be filed on June 1st?

3 A. I expect they would.

4 Q. So for some period of time prior to June
5 1, 2001, a utility that complies with the requested
6 June 1, 2001 filing date will have to be assembling
7 all this material. Correct?

8 A. Yes.

9 Q. Now no Commission order has been issued
10 requiring a June 1, 2001 filing, has it?

11 A. I don't think so.

12 Q. If your proposal in this case were
13 adopted and a utility decided it did not have
14 sufficient resources to both participate in the
15 template tariff proceeding and to prepare a June 1,
16 2001 delivery services tariff filing, the utility
17 could let the June 1, 2001 delivery services tariff
18 filing slip to a later date, could it not?

19 A. In the absence of a Commission order, I
20 suspect they probably could.

21 Q. And that could slip to as late as
22 October 1, 2001. Correct?

1 A. Yes, I believe so.

2 Q. Assuming that all utilities do file
3 their delivery service tariffs and the underlying
4 materials on June 1, 2001, would you agree that the
5 period from June 1 to say September 1 or maybe
6 October 1 is when Staff and any intervenors would
7 have to be analyzing the utilities' filings,
8 conducting discovery, and preparing their own
9 direct testimonies for filing?

10 A. I'm not sure why you chose the September
11 1st or October 1st date. Could you provide some
12 context or background about why you chose that
13 date?

14 Q. Well, you've been involved in prior rate
15 cases that took eleven months.

16 A. If you're just asking a few months after
17 June 1st --

18 Q. Yes.

19 A. -- would the parties engage in
20 discovery or related activities, yes, that's
21 probably what would happen during that period.

22 Q. Yes, and, in particular, Staff and any

1 intervenors, correct?

2 A. Yes.

3 Q. Because say three to four months after
4 June 1 those parties would be required to file
5 their own direct cases, correct?

6 A. Yes.

7 Q. So those parties would be fairly busy in
8 the delivery services cases during the three or
9 four months follows the June 1 filings. Correct?

10 A. Probably so.

11 Q. If I could ask you a few questions about
12 the SBO issues in this case, Dr. Schlaf. Would you
13 agree that the underlying practical business issue
14 on this particular topic is that a RES using the
15 SBO wants to bill only the utility's delivery
16 service charges and not the utility's bundled
17 service charges to the RES's customer?

18 A. Yes.

19 Q. And the RES wants the utility to collect
20 its own bundled service charges. Correct?

21 A. Yes.

22 Q. And if the customer pays the full amount

1 of his delivery service charges that have been
2 billed to him by the RES, and the RES remits that
3 payment to the utility, the RES doesn't want to get
4 billing information from the utility the following
5 month that shows the customer has a past due
6 balance for delivery charges. Correct?

7 A. Yes.

8 Q. So basically the RES wants the billing
9 information it gets from the utility to use in
10 billing the RES's customer under the SBO to be
11 clean of any bundled service balances or charges.
12 Correct?

13 A. Yes.

14 Q. So long as the utility has a system in
15 place that achieves the results we've just
16 discussed, that system ought to be acceptable from
17 the RES's perspective, correct?

18 A. Yes. I would say it's the utility's
19 obligation to make sure that that happens, but how
20 it happens is really the utility's -- up to the
21 utility.

22 Q. And so long as those results are

1 achieved, that's acceptable from your perspective
2 as well. Correct?

3 A. Yes. I guess the essential points are,
4 as you questioned, the utility -- as your questions
5 indicate, the RES does not want to see bundled
6 service charges on its delivery services bill. It
7 doesn't want to be responsible for paying them. It
8 wants to ensure that any payments that it makes in
9 response to a delivery service bill are applied
10 against that delivery services bill only and not to
11 bundled service charges that the customer may have
12 incurred prior to the time the RES started serving
13 the customer. If your questions implied all that,
14 then I'd agree with you.

15 Q. On the last point you mentioned, would
16 you agree that from the RES's point of view, the
17 issue is that if the RES collects and remits the
18 full amount of the delivery service charge, the RES
19 doesn't want to get billing information the next
20 month that shows monies are owed on that prior
21 delivery service charge?

22 A. I'm sorry. Did you mean to say on the

1 prior bundled service?

2 Q. No, on the prior delivery service
3 charge.

4 A. I guess I'd have to ask you to explain
5 the question.

6 Q. All right. If the RES receives a bill
7 in month one that says the customer owes 5,000 for
8 delivery service and the RES bills the customer
9 5,000 for delivery service, and the customer pays
10 5,000 to the RES and the RES sends 5,000 to the
11 utility saying this is for the customer's delivery
12 service bill, the RES doesn't in month two want to
13 get a statement from the utility that says due for
14 month one delivery service \$2,000.

15 A. Yes.

16 Q. They want to see zero due for month one,
17 correct?

18 A. Yes. That's what I was trying to
19 explain.

20 Q. The RES probably also doesn't want to
21 get its customer disconnected for unpaid prior
22 charges owed to the utility, correct?

1 A. Certainly it would prefer not to see
2 that. I guess my opinion on that matter is that
3 utilities have certain rights to collect charges,
4 if they can, and to disconnect customers if that
5 becomes necessary, but generally it's not in
6 anyone's interest to have that actually occur.

7 Q. Well, would you agree that to the extent
8 a utility's practices help to reduce or minimize
9 the likelihood of the customer being sent a
10 disconnect notice, that would be preferable from
11 the RES's point of view?

12 A. Yes, if you're speaking of sending a
13 bill directly to the customer asking them or
14 reminding them to pay the bundled service amount,
15 I'd agree with you.

16 Q. Well, regardless of how it's done, a
17 utility practice that reduces or minimizes the
18 likelihood of a customer being sent a disconnect
19 notice should be --

20 Q. I guess --

21 Q. Could I finish the question?

22 A. I guess I mention that because I wasn't

1 sure what may -- other activities that may have
2 been implied in your question, and that's the one
3 that I can think of.

4 Q. Looking at page 20 of your direct
5 testimony on lines 458.

6 A. I'm sorry; line 458?

7 Q. 458.

8 A. Okay. Thank you.

9 Q. You state your understanding that the
10 billing systems of some or perhaps most of the
11 utilities do not currently have the electronic
12 capability to keep bundled service charges and the
13 payments applied to those charges separate from a
14 customer's delivery service charges. Do you see
15 that?

16 A. Yes.

17 Q. And then you go on to state if the
18 Commission agrees that the utilities' present
19 single billing payment posting practices are
20 erroneous, then the utilities will have to change
21 their present practices. Is that correct? Is that
22 your testimony?

1 A. Yes .

2 Q. And would you expect that if the
3 utilities have to change their present practices,
4 they will probably incur costs to do so?

5 A. They may.

6 Q. The changes that the utilities might
7 have to make might involve making changes or
8 modifications to their computerized billing
9 systems. Correct?

10 A. Yes.

11 Q. And, on the other hand, that might also
12 involve, as I think you mention someplace in your
13 testimony that I can't find right now, what I'll
14 call manual solutions that would involve more labor
15 hours without necessarily making changes to the
16 computer systems?

17 A. Yes, that might be an alternative way to
18 accomplish the same goal.

19 Q. But either of those approaches would
20 likely result in additional costs. Correct?

21 A. I wouldn't necessarily agree with that,
22 but it's certainly possible.

1 Q. And I know you discussed this briefly
2 earlier with Mr. Ratnaswamy, but the Commission
3 could potentially in a future case allow the
4 utility to recover those costs from its customers
5 through its rates. Correct?

6 A. Yes.

7 Q. Have you made any analysis for any or
8 all of the utilities as to whether the costs of
9 implementing changes in the utilities' billing and
10 customer accounting systems and practices are
11 justified by any concomitant benefit?

12 A. Have I conducted a cost/benefit
13 analysis? No.

14 Q. I take it you would agree that any
15 changes that would have to be made to the
16 utilities' billing and collection practices or
17 systems should be made at the lowest cost
18 consistent with achieving the desired objectives?

19 A. Yes.

20 Q. Dr. Schlaf, do you know how many
21 alternative retail electric suppliers currently
22 hold certificates from the Commission?

1 A. I don't know the current number, but
2 it's around -- I'm sorry. The number of suppliers
3 certificated by the Commission, that is non-utility
4 suppliers, is around eight or ten, and there are
5 three or four other utilities acting as RESs, so
6 the total is somewhere between ten and fifteen I
7 think.

8 Q. All right. Just so we're clear, my
9 question was how many ARES are certificated.

10 A. Oh, how many ARES.

11 Q. Yeah.

12 A. Around eight or ten, something like
13 that.

14 Q. And in addition to the ARES who have
15 certificates, there are utilities who are acting as
16 suppliers in other utilities' territories, correct?

17 A. Yes, there are three or four utilities
18 performing as a RES.

19 Q. All right. So back to your original
20 answer then, your understanding as to the
21 approximate number of total retail electric
22 suppliers in the state is?

1 A. Tenish, ten, twelve, something like
2 that.

3 Q. Do you know how many of these RESs are
4 using the single bill option of one or more
5 utilities at this time?

6 A. At least two, but I am not certain if
7 there are many more than two. I believe Ms. Clair
8 mentioned two in her testimony for ComEd, and I
9 don't think any of the other utilities at least in
10 this case described the number of RESs who are
11 actively using single billing in their service
12 territories, but it's a very small number at this
13 time.

14 Q. And if I could just ask you a couple
15 questions about --

16 EXAMINER WALLACE: Are you about through?

17 MR. MACBRIDE: Yes.

18 EXAMINER WALLACE: You've gone seriously
19 over your estimate.

20 MR. MACBRIDE: I apologize for that.

21 Q. If you could look at page 15 of your
22 direct, your testimony on the information on

1 utility websites at lines 335 to 342.

2 A. Yes.

3 Q. You've indicated that you believe
4 suppliers should have real-time access to customer
5 information. Is that correct?

6 A. Yes.

7 Q. And would you agree that the supplier
8 should have some sort of authorization from the
9 customer to access that information?

10 A. Yes.

11 Q. All right. And so would you agree that
12 the access to the information on the website should
13 be set up in a manner that requires the supplier to
14 have obtained some sort of unique information from
15 the customer in order to access the particular
16 customer's information?

17 A. Yes, I'd agree with that.

18 Q. For example, the customer's account
19 number or meter number?

20 A. Yes.

21 Q. Would you agree that customers should be
22 able to block suppliers from accessing their

1 information on the utility's website?

2 A. Yes.

3 MR. MACBRIDE: Thank you. That's all the
4 questions I have.

5 EXAMINER WALLACE: Ms. Liebman.

6 MS. LIEBMAN: Thank you, Your Honor.

7 MR. REVETHIS: Could the witness take a
8 very brief break?

9 EXAMINER WALLACE: I wanted to get
10 through cross.

11 MR. REVETHIS: I'm sorry?

12 EXAMINER WALLACE: I wanted to get
13 through cross.

14 MR. REVETHIS: No, that's fine. Then
15 I'll just get him a drink of water.

16 (Pause in the proceedings.)

17 EXAMINER WALLACE: All right.

18 CROSS EXAMINATION

19 BY MS. LIEBMAN:

20 Q. Good afternoon, Dr. Schlaf.

21 A. Good afternoon.

22 Q. Could you please turn to page 20 of your

1 direct testimony, line 458. You make reference to
2 the fact that the billing systems of some or
3 perhaps most of the utilities don't have the
4 capability of keeping bundled service charges and
5 the payments applied to those charges separate from
6 a customer's delivery service charges. Do you see
7 that language?

8 A. Yes, I do.

9 Q. And then you use on line 462 the term
10 erroneous as applied to single billing payment
11 posting practices.

12 A. Yes.

13 Q. Isn't it true that there was nothing
14 that came out of Ameren's delivery services case,
15 for example, that required Ameren to keep the
16 bundled service charges and the payments applied to
17 those charges separate from the customer's delivery
18 services charges?

19 A. I think I would agree with that, yes.

20 Q. Dr. Schlaf, what's your understanding of
21 the value of single billing?

22 A. I think it's been shown at least up to

1 this point that customers desire to see fewer bills
2 than they are seeing now. If they are switching --
3 when they switch to a supplier, they would prefer
4 to see only a bill -- one bill rather than two
5 bills. The evidence shows at least to this point
6 that customers -- one thing that customers really
7 -- that really attracts customers to a supplier is
8 the fact that they won't see an increase in the
9 complexity of their bills in terms of the number of
10 bills, so essentially it's a customer desire to see
11 a single bill.

12 Q. And is it your understanding that from
13 the perspective of a supplier, the value of a
14 single bill is that the supplier would then be the
15 single point of contact with the customer?

16 A. From the supplier's point of view, they
17 can attract a customer more easily this way if they
18 offer a single bill, and certainly they can show to
19 the customer if they wish that the customer can
20 rely on the supplier for energy services,
21 electricity and perhaps other services as well. In
22 other words, I agree with you there, a single point

1 of contact between the customer and the supplier.

2 Q. On page 21 of your direct testimony at
3 line 466, the sentence that begins there, you
4 suggest that under the present single billing
5 procedures, it appears that a supplier could be
6 obligated to collect and remit funds for services
7 received by the customer before the time that the
8 supplier began serving the customer. Would you
9 agree that a supplier as a single billing agent
10 does not have to pursue collection of amounts for
11 which it would bill that apply to a time period
12 prior to the time the supplier began serving the
13 customer?

14 A. I know in this docket there was
15 discussion about what is meant by exactly the term
16 collection. As I use it here, collection simply
17 means receiving money from a customer in response
18 to sending a bill to the customer. It doesn't
19 necessarily mean collection activities other than
20 that simple act, sending a bill and receiving
21 money.

22 Q. It doesn't necessarily include that or

1 it doesn't include?

2 A. It doesn't. It includes only --
3 essentially only that. A supplier receives billing
4 information from a utility, includes that
5 information on its own bill, and seeks payment for
6 the charges for the utility's services. That's
7 what I mean by the act of collecting.

8 Q. And it's true, is it not, that an agent,
9 at least a supplier that is acting as an SBO agent,
10 will not pursue collection activities in the sense
11 of trying to obtain the dollar amounts from the
12 customer who isn't paying those amounts?

13 A. In general they may have contact with
14 the customer to remind them that there's an amount
15 on the bill that the customer owes if the customer
16 hasn't paid, but in general what the customer -- in
17 general what the supplier does essentially is send
18 a bill and wait for payment.

19 Q. Would you look at your rebuttal
20 testimony on page 3, beginning at the end of line
21 57, and your testimony there is that a customer may
22 have an unpaid balance that the utility would wish

1 to include on a single bill, supplier's single
2 bill, even though the customer believes the bill is
3 in error. Would you agree that the utilities have
4 procedures in place that deal with disputed bills?

5 A. Yes, I agree.

6 Q. And under those circumstances, the
7 customer has to have a legitimate reason for
8 disputing the bill. Is that correct?

9 A. I'd agree with that, yes.

10 Q. And those policies normally provide that
11 the customer has to pay the amounts that are not
12 disputed. Is that correct?

13 A. That's my general understanding, yes.

14 Q. What specific information do you have
15 that a lack of uniformity in tariffs would
16 eventually retard the growth of competitive
17 markets?

18 A. That's I guess based on my assessment of
19 what I expect to see in the future in terms of
20 supplier activity. In this market it's based on
21 conversations that I have been witness to between
22 suppliers and others. Suppliers typically cite

1 lack of uniformity as an obstruction to their
2 competitive goals. They don't always claim it's
3 the number one hinderance to their activity, but
4 they typically cite that as an obstacle to moving
5 into different territories. They typically cite
6 the cost of learning about and becoming acquainted
7 with different utility procedures and different
8 utility tariff provisions. They mention that it is
9 costly for them to become just aware of those
10 procedures and to understand them and to have them
11 in mind as they deal in a different utility's
12 territory, but in general they're conversations and
13 knowledge and that, but there is no written
14 information, for example.

15 Q. Well, in other words, the kinds of
16 things you were just talking about are the kinds of
17 things that are being said in this proceeding. Is
18 that correct?

19 A. Yes, the typical obstacles that
20 suppliers cite.

21 Q. And you would agree, do you not, that
22 you have no specific information other than what

1 you just described which is essentially hearsay.

2 Is that correct?

3 A. Hearsay? I don't know if it's a legal
4 term or not.

5 Q. Well, I shouldn't use that legal term.

6 A. But I understand the sense of how you're
7 using the term, and, yes, I guess I agree with
8 that.

9 MS. LIEBMAN: I have no further
10 questions.

11 EXAMINER WALLACE: Mr. Seidel.

12 MR. SEIDEL: Thank you.

13 CROSS EXAMINATION

14 BY MR. SEIDEL:

15 Q. Good afternoon, Dr. Schlaf.

16 A. Good afternoon.

17 Q. Am I correct -- well, I shouldn't start
18 it out that way. You had an opportunity to review
19 CILCO's response testimony, rebuttal testimony,
20 regarding the availability of interim supply
21 service for a maximum of sixty days?

22 A. Yes, I have.

1 Q. Is that acceptable to you?

2 A. Yes, it is.

3 Q. At page 6 of your direct testimony you
4 say that the effects of a customer returning to a
5 utility's system under the default service or
6 interim supply service tariffs are identical.
7 Would you agree that when a 50 megawatt delivery
8 service customer loses its -- let me start over.

9 Would you agree that when a 50 megawatt
10 delivery service customer loses its supply during a
11 critical supply situation on a 1,100 megawatt
12 system that relies on a substantial amount of
13 imported power, the effect is not identical to the
14 situation where a small customer loses its supply
15 for nonpayment of a bill?

16 A. Yes. It's not exactly how I was using
17 the phrase examples can be analyzed in the same way
18 because the effects are identical, but I agree with
19 you that a large customer who is deprived of supply
20 for whatever reason might have a different effect
21 on the utility's system or ability to acquire
22 resources than if a small customer lost its source

1 of supply.

2 Q. On page 9 of your direct testimony where
3 you talk about CILCO's tariff that allows the
4 Company to deny default service or interim supply
5 service if placing the customer on the service
6 would jeopardize system reliability, is the nature
7 of your objection primarily that the utility might
8 make misleading statements regarding that?

9 A. Yes, that's my primary objection.

10 Q. So you're not saying that reliability
11 concerns are necessarily imaginary.

12 A. No, I'd agree that in some rare cases
13 there might be a concern about reliability. I
14 wouldn't go so far as to say that they would be the
15 majority of cases.

16 Q. If a customer's return to the utility
17 under the interim supply service would jeopardize
18 reliability, should the utility be able to postpone
19 that customer's return of load until the
20 reliability crisis has past?

21 A. Well, certainly I don't want to see a
22 1,100 megawatts of load jeopardized for the sake of

1 a single customer, but if that's the situation
2 we're talking about, I think there ought to be --
3 there should be provisions written into the tariff
4 that address the situation. Presently it's just a
5 blanket statement about reliability and
6 jeopardizing reliability, which to me is
7 unacceptable as written. But if the question is
8 there's a large customer or a group of small
9 customers who can singly comprise a large customer
10 who conceivably might jeopardize system
11 reliability, should their restoration of service
12 wait, yes, I guess I'd agree with that.

13 Q. Wouldn't a provision informing a
14 customer that for reliability purposes they may not
15 be able to return to interim supply service cause
16 the customer to use greater care in selection of a
17 supplier?

18 A. I'm not sure I'd agree with that.

19 Q. At page 9 of your testimony again, you
20 indicate with respect to the notification required
21 under interim supply service, you state, "The
22 tariffs should identify the time frame in which

1 notification will occur." Would a time range be
2 acceptable from your point of view?

3 A. Sure, and I saw from some of the utility
4 testimony that they prefer to use the word
5 promptly, for example, or something like that.
6 That would be acceptable also.

7 Q. On page 12 of your testimony you
8 indicate that CILCO appears to require delivery
9 service customers to remain on delivery services
10 for twelve months.

11 A. Yes.

12 Q. Would you agree, subject to check, that
13 CILCO's gas transportation rates have a similar
14 provision?

15 A. Subject to check, sure.

16 Q. Have you been involved in any complaint
17 proceedings by customers saying that this provision
18 has discouraged their use of gas transportation
19 rates?

20 A. I have not.

21 Q. Is it your understanding that Central
22 Illinois Light Company's gas transportation rates

1 have been in effect for approximately 15 years?

2 A. That sounds about right, yes, a decade
3 and a half or so.

4 Q. With respect to Central Illinois Light
5 Company's rebuttal testimony -- no, I guess it's in
6 the direct testimony -- they've indicated that they
7 have a plan and a time frame for putting certain
8 information on their website regarding customer
9 information. Is that plan as they've outlined it
10 acceptable to you?

11 A. Yes, it is.

12 Q. On page 9 of your testimony you discuss
13 the provision in Central Illinois Light Company's
14 tariffs regarding the ability of the customer to
15 return to bundled service if bundled service had
16 been declared competitive. Isn't there a similar
17 provision in MidAmerican's tariffs?

18 A. I read Mr. Shay's testimony on that
19 point, and I removed my objection to it.

20 MR. SEIDEL: I think that's all the
21 questions. Let me just check a second. That may
22 be all the questions I have.

1 That is all the questions I have. Thank
2 you.

3 EXAMINATION

4 BY EXAMINER WALLACE:

5 Q. Dr. Schlaf?

6 A. Yes.

7 Q. Did the Staff enter this docket with the
8 intention of arriving at pro forma tariffs?

9 A. No.

10 Q. Were the workshops that were undertaken
11 once this docket got underway, were any of those
12 workshops undertaken with the intent to arrive at
13 pro forma tariffs?

14 A. Not with the intent. I guess I can't
15 claim that the subject wasn't broached in some
16 fashion, but it was not the intent of the workshops
17 to arrive at a pro forma tariff.

18 Q. And won't starting a new docket with new
19 workshops, well, as Mr. MacBride went through that,
20 simply add a lot more time to this whole process?

21 A. If the Commission is to ever approve pro
22 forma tariffs or uniform tariffs for each utility,

8 Q. Was it your impression that maybe the
9 Commission wanted to see uniform tariffs out of
10 this docket?

12 Q. And you've read the initiating order?

14 EXAMINER WALLACE: All right. Thank you.

19 (Whereupon a short recess
20 was taken, during which time
21 ICC Staff Exhibit 1 Revised
22 was physically marked for

1 identification by the Court
2 Reporter.)

3 EXAMINER WALLACE: All right. Back on
4 the record.

5 Any redirect, Mr. Revethis?

6 MR. REVETHIS: Yes, very brief redirect.

7 EXAMINER WALLACE: Well, let's go. We're
8 way behind schedule. I know it's not your fault.

9 MR. REVETHIS: Well, it certainly isn't
10 the fault of Staff.

11 EXAMINER WALLACE: No, it's not your
12 fault.

13 MR. REVETHIS: We were ready to go at
14 10:00 this morning actually.

15 (Laughter)

16 MR. MACBRIDE: Well, you should have done
17 your redirect then.

18 (Laughter)

19 MR. REVETHIS: Yes, and I should have
20 defaulted the rest of you while I was at it.

21

22

1 REDIRECT EXAMINATION

2 BY MR. REVETHIS:

3 Q. All right, Mr. Schlaf, just for purposes
4 of clarification, when would you expect the various
5 utilities to file tariff provisions to conform to
6 the outline which would ultimately be ordered in
7 this case?

8 A. My recollection is that the interim
9 order and the Staff report, helpfully provided by
10 ComEd's counsel, mentions that any tariff
11 provisions ordered by the Commission in this case
12 would be effective June 2001, and if the Commission
13 adopts the Staff proposal that would require
14 utilities to conform their nonresidential tariffs
15 to the Staff outline or indeed any other outline,
16 we would expect to see the existing tariffs conform
17 to the outline by June 2001.

18 Now I've made a proposal in this case
19 where we would be involved in a proceeding taking
20 place shortly after this proceeding that would
21 conclude by May 2002, and ultimately what we would
22 -- what I would hope to see is that all delivery

1 services tariffs, residential and nonresidential,
2 conforming to the uniform tariff ordered by the
3 Commission in the subsequent proceeding, I would
4 expect to see that by May 2002. In other words,
5 it's not as important to me to see a Staff outline
6 from June 2001 to May 2002, although that certainly
7 could be adopted by the Commission as well.

8 MR. REVETHIS: Nothing further. Thank
9 you, Mr. Examiner.

10 EXAMINER WALLACE: Does anyone have cross
11 on that? All right. Thank you, Dr. Schlaf.

12 (Witness excused.)

13 EXAMINER WALLACE: Mr. Revethis, your
14 next witness, please.

15 MR. REVETHIS: Yes. We would at this
16 time call Peter Lazare.

17 EXAMINER WALLACE: Before we go with
18 Mr. Lazare, hypothetically speaking, would everyone
19 want a new proceeding or a continuation of this
20 proceeding, just like 0013? Oh, let's go off the
21 record. I'm sorry.

22 (Whereupon at this point in

1 the proceedings an
2 off-the-record discussion
3 transpired.)

4 EXAMINER WALLACE: All right. Back on
5 the record.

6 MR. REVETHIS: The Staff at this time,
7 Mr. Examiner, would like to call Mr. Peter Lazare,
8 who has been previously sworn.

9 PETER LAZARE
10 called as a witness on behalf of the Staff of the
11 Illinois Commerce Commission, having been first
12 duly sworn, was examined and testified as follows:

13 DIRECT EXAMINATION

14 BY MR. REVETHIS:

15 Q. Sir, would you kindly state your name,
16 title, and business address for the record, if you
17 would, please?

18 THE WITNESS:

19 A. Peter Lazare. I'm an Economic Analyst
20 in the Financial Analysis Division of the Illinois
21 Commerce Commission. The address is 527 East
22 Capitol Avenue, Springfield, 62701.

1 Q. Sir, do you have before you a document
2 which has been previously marked for purposes of
3 identification as Illinois Commerce Commission
4 Staff Exhibit 2 entitled the Direct Testimony of
5 Peter Lazare?

6 A. Yes.

7 Q. And that document is dated November 3,
8 2000?

9 A. Yes.

10 Q. And consisting of narrative testimony
11 accompanied by Schedules 1 and 2, sir?

12 A. Yes.

13 Q. And do you also have before you a
14 document which has been previously marked for
15 purposes of identification as Illinois Commerce
16 Commission Staff Exhibit 4 entitled the Rebuttal
17 Testimony of Peter Lazare dated November 21, 2000?

18 A. Yes.

19 Q. Now, sir, do you have -- first of all,
20 were both of these pieces of testimony and the
21 accompanying schedules, were they prepared by you
22 or under your direction and control, sir?

1 A. Yes.

2 Q. Do you have any additions,
3 modifications, or corrections you wish to make to
4 either Staff exhibit, your Staff Exhibit 2 or your
5 Staff Exhibit 4, sir?

6 A. Yes, I have a change to Staff Exhibit 2.
7 On page 19 and on my copy line 382 -- I'm sorry --
8 line 392, on that line I want to delete all the
9 words -- the last eight words to that line, so my
10 answer will now read, beginning on line 392, "Yes,
11 it does. For one, the tariff fails to state, up -
12 front, the nature of the service covered by the
13 tariff", and I'm deleting that phrase because it
14 was pointed out to me by IP in testimony that they
15 did, in fact, have a table of contents for the
16 supplier tariff.

17 Q. And a corrected copy is being provided
18 to the Court Reporter also. Is that correct?

19 A. Yes.

20 Q. Thank you.

21 EXAMINER WALLACE: Is being or has been?

22 A. Was.

1 Q. Sir, having made that modification, if I
2 were to ask you exactly the same questions here and
3 now contained in Staff Exhibit 2 and Staff Exhibit
4 4, would you, in fact, give exactly the same
5 responses here and now, sir?

6 A. Yes.

7 Q. Is it your intention that this be your
8 sworn testimony in this proceeding, sir?

9 A. Yes.

10 MR. REVETHIS: Mr. Examiner, at this time
11 we ask that Illinois Commerce Commission Staff
12 Exhibit 2 entitled the Direct Testimony of Peter
13 Lazare dated November 3, 2000, along with
14 accompanying schedules and Staff Exhibit 4 entitled
15 the Rebuttal Testimony of Peter Lazare dated
16 November 21, 2000, be admitted into evidence at
17 this time, and we also offer the witness for
18 cross-examination at this time, sir.

19 EXAMINER WALLACE: All right. Staff
20 Exhibit Number 2 is now revised so it would be
21 Revised Staff Exhibit Number 2. A new copy will be
22 or has been or was given to the Court Reporter to

1 be marked. Staff Exhibit Number 4, the version
2 that's on e-Docket, will be the official version,
3 and both of those exhibits are admitted into the
4 record.

5 (Whereupon ICC Staff
6 Exhibit 2 Revised and ICC
7 Staff Exhibit 4 were
8 received into evidence.)

9 MR. REVETHIS: Thank you, Mr. Examiner.

10 EXAMINER WALLACE: Does anyone wish to
11 begin cross?

12 MR. FEIN: I don't believe we have
13 cross-examination.

14 MR. FITZHENRY: I have no cross.

15 MR. MACBRIDE: I have a couple questions.

16 EXAMINER WALLACE: Mr. MacBride.

17 CROSS EXAMINATION

18 BY MR. MACBRIDE:

19 Q. Good afternoon, Mr. Lazare.

20 A. Good afternoon.

21 Q. You've presented outlines for a customer
22 tariff and a supplier tariff to which you propose

1 that all utilities should be required to conform
2 their delivery service tariffs. Correct?

3 A. Yes.

4 Q. And under your proposal, each utility
5 would be required to use the section headings that
6 are in your outline. Correct?

7 A. Yes.

8 Q. And each utility's tariff would be
9 required to have the sections in the order that
10 they are presented in your outline. Correct?

11 A. Yes.

12 Q. And I assume each utility would be
13 required to cover basically the same subject matter
14 under each of the headings. Correct?

15 A. Yes.

16 Q. And is it fair to say that's the essence
17 of your proposal?

18 A. Yes.

19 MR. MACBRIDE: That's all the questions
20 we have.

21 EXAMINER WALLACE: Mr. Seidel?

22 MR. SEIDEL: I don't have any questions.

1 Thank you.

2 EXAMINER WALLACE: All right. Any
3 redirect?

4 MR. REVETHIS: I don't believe so,
5 Mr. Examiner. Thank you.

6 THE WITNESS: It's great to get along this
7 well.

8 (Witness excused.)

9 EXAMINER WALLACE: By agreement, we're
10 going to take Mr. Hock. You may proceed.

11 MS. LIEBMAN: Thank you, Your Honor.
12 Ameren calls Keith Hock, who has been previously
13 sworn.

14 KEITH P. HOCK
15 called as a witness on behalf of the Ameren
16 companies, having been first duly sworn, was
17 examined and testified as follows:

18 DIRECT EXAMINATION

19 BY MS. LIEBMAN:

20 Q. Mr. Hock, would you please state your
21 full name and business address.

22 THE WITNESS:

1 A. My name is Keith P. Hock. My business
2 address is One Ameren Plaza, P.O. Box 661 49,
3 St. Louis, Missouri 63166.

4 MS. LIEBMAN: Your Honor, we did not mark
5 previously Mr. Hock's direct testimony, but I would
6 like it marked for identification as Ameren Exhibit
7 1.

8 EXAMINER WALLACE: Let's go off the
9 record.

10 (Whereupon at this point in
11 the proceedings an
12 off-the-record discussion
13 transpired.)

14 EXAMINER WALLACE: All right. Back on
15 the record.

16 MS. LIEBMAN:

17 Q. Mr. Hock, do you have before you what is
18 identified as Ameren Exhibit 1?

19 A. Yes.

20 Q. And is that your direct testimony
21 prefiled in this case?

22 A. Yes.

1 Q. Was that testimony prepared by you or
2 under your supervision?

3 A. Yes.

4 Q. Do you have any changes or corrections
5 to that exhibit?

6 A. No.

7 Q. If I were to ask you the questions in
8 Exhibit 1, would your answers be as they are
9 printed on Exhibit 1?

10 A. Yes.

11 Q. Do you have before you what has been
12 marked for identification as Ameren Exhibit 2?

13 A. Yes.

14 Q. And is that your rebuttal testimony in
15 this case?

16 A. Yes.

17 Q. Was that prepared by you or under your
18 supervision?

19 A. Yes.

20 Q. Do you have any changes or corrections
21 to that rebuttal testimony?

22 A. No.

1 Q. If I were to ask you the questions in
2 your rebuttal testimony today, would your answers
3 be the same as printed on there?

4 A. Yes.

5 Q. And do you have before you what's been
6 marked as Ameren Exhibit 3?

7 A. Yes.

8 Q. Is that your surrebuttal testimony in
9 this case?

10 A. Yes.

11 Q. And was that prepared by you or under
12 your supervision?

13 A. Yes.

14 Q. Do you have any changes or corrections
15 to your surrebuttal testimony?

16 A. No.

17 Q. And, again, if I were to ask you the
18 questions in the surrebuttal testimony, would your
19 answers be the same as shown therein?

20 A. Yes.

21 MS. LIEBMAN: Your Honor, I offer Ameren
22 Exhibits 1, 2, and 3, and I offer Mr. Hock for

1 cross-examination.

2 EXAMINER WALLACE: All right. Are there
3 any objections? All right. Hearing none, Ameren
4 Exhibits 1, 2, and 3, the versions that now appear
5 on the e-Docket, will be the exhibits in this
6 matter and are admitted into evidence.

7 (Whereupon Ameren Exhibits
8 1, 2, and 3 were received
9 into evidence.)

10 EXAMINER WALLACE: Does anyone have any
11 cross of Mr. Hock? Mr. Fitzhenry.

12 MR. FITZHENRY: Thank you.

13 CROSS EXAMINATION

14 BY MR. FITZHENRY:

15 Q. Good afternoon, Mr. Hock.

16 A. Good afternoon.

17 Q. All my questions will be directed to
18 your direct testimony at the bottom of page 2 and
19 the top of page 3, and there in response to the
20 question asked you indicate that Ameren is mostly
21 interested in doing things that will promote or
22 develop a competitive power and energy market.

1 A. Yes.

2 Q. Okay. And as an example of one of those
3 efforts, you refer to, in your words, the issue of
4 uniformity, such as customer enrollment. Do you
5 see that?

6 A. Yes.

7 Q. Could you explain to me what you mean
8 exactly by customer enrollment?

9 A. The processes that I'm referring to are
10 the electronic EDI transaction processes that were
11 adopted in the workshops and built into the
12 information systems of the various utilities.

13 Q. Okay. And is it Ameren's intention that
14 customer enrollment as you described it be a
15 uniform process from utility to utility within the
16 State of Illinois?

17 A. It's my understanding that for the most
18 part it is, and we are agreeable to that, yes.

19 Q. And apparently, again, looking at your
20 testimony, Ameren believes that uniformity or the
21 uniform customer enrollment process in some form or
22 fashion enhances a competitive energy market in

1 Illinois?

2 A. Yes.

3 Q. Can you tell me why you believe that to
4 be the case?

5 A. Well, to the extent that these processes
6 are things that everybody can understand, I think
7 that that, you know, enhances the ability for
8 customers and utilities to accommodate open access.

9 Q. Thank you.

10 Again, looking at this same line in your
11 testimony, are there any other efforts currently
12 underway by you or other Ameren personnel that
13 relate to the issue of uniformity?

14 A. Well, the one that I can think of off
15 the top of my head are the processes and tariff
16 changes that we've recently submitted and adopted
17 in connection with the stipulation that was entered
18 in this case.

19 Q. Okay. Any others?

20 A. Not specifically that I can think of
21 right now.

22 Q. Okay. Thank you.

1 And moving down on again this same page
2 of your direct testimony, you state that Ameren
3 would be strongly opposed to mandated uniformity
4 and then go on and complete your answer. I guess
5 I'm curious about your use of the word mandated.
6 Why was that important to you when you prepared
7 your testimony?

8 A. Well, my concern there is in terms of
9 mandated uniformity are, for example, if we were
10 offering the option of two different services to
11 customers and as a result of the order out of this
12 case we were ordered to only offer one option to a
13 customer, that would be something that we would be
14 opposed to because we think that it would decrease
15 not only our flexibility to offer services but
16 would also decrease people's, you know, customers'
17 choices.

18 Q. Are you familiar with the MidAmerican
19 tariffs that have been proposed in this case?

20 A. Not really.

21 Q. Do you know either way -- strike that.

22 Do you know whether the MidAmerican

1 tariffs would allow for exceptions such as you just
2 described?

3 A. My understanding is that to some extent
4 it will allow for exceptions.

5 Q. Now also again in this same answer,
6 Mr. Hock, you indicate that requiring changes to
7 approved delivery service tariffs would cause
8 utilities to incur costs that will ultimately have
9 to be paid by customers moving to delivery services
10 or by the RES. I guess my first question, have you
11 performed a study as to what it would cost Ameren
12 to undertake the changes as recommended in the
13 MidAmerican tariffs?

14 A. To my -- I have not been involved in any
15 activity to estimate the cost of doing that, and to
16 my knowledge Ameren as a company has not done that.

17 Q. And to the extent that any of these
18 changes in Ameren's tariffs would result in a
19 change in costs, how would Ameren propose to
20 recover those costs?

21 A. Well, in my testimony I describe three
22 methods to recover costs, and I think -- and in my

1 testimony I said that the appropriate cost recovery
2 mechanism would be dictated by what the changes
3 actually ended up being.

4 Q. In any event, a change in costs would be
5 recovered in rates. Correct?

6 A. Well, not necessarily just rates, but
7 through transaction fees is another possibility. I
8 don't see those really as rates per se.

9 Q. Would those transaction fees have to be
10 approved by the Commission? Do you know?

11 A. It's my understanding that they would
12 be, yes.

13 Q. Am I correct in understanding that
14 Ameren intends to file its residential delivery
15 service tariff case in April of 2001?

16 A. My understanding is that we will file
17 that case on or before April of 2001.

18 Q. Is it also expected at that time that
19 Ameren will make proposed changes or revisions to
20 its existing nonresidential delivery service
21 tariffs?

22 A. I believe that that is true, yes.

1 Q. Again, looking at page 3 of your direct
2 testimony there, at least on my version of your
3 testimony lines 68 through 72, you speak of a wide
4 range of issues that are affecting the development
5 of a competitive electricity market, and one of the
6 issues to which you refer, Mr. Hock, is the
7 development of affiliate rules. Correct?

8 A. Right.

9 Q. Can you explain a little bit what
10 affiliate rules you're speaking of?

11 A. Well, the affiliate rules as I'm talking
12 about here are the way that -- specifically how
13 utilities -- the regulated sides of utilities and
14 the unregulated sides of utilities deal with each
15 other and protect customer information, for
16 example, so that there is not -- there's a
17 controlled flow of information between those
18 entities.

19 Q. Are you familiar with a Commission
20 initiated rulemaking back in 1998 that dealt with
21 affiliate and affiliate transactions between the
22 regulated utility and the non-regulated utility?

1 A. I'm aware but not familiar with it.

2 Q. Do you know whether or not that
3 rulemaking is -- the rule is now in effect that
4 deals with affiliates?

5 A. I'm not aware if that's true or not.

6 Q. And you also referred to the code of
7 conduct proceeding. Can you tell me what is your
8 understanding of that docket?

9 A. I have limited understanding of that
10 docket.

11 Q. Would you be able --

12 A. I do know that we are spending time and
13 resources on developing business processes and
14 internal rules that reflect what's resulting from
15 those proceedings.

16 Q. Let me ask it this way. Do you know
17 whether or not the Commission has entered an order
18 and affirmed a rule that addresses the code of
19 conduct that must be followed by utilities in
20 dealing with their relationship between their
21 generation and marketing function and their
22 transmission and distribution functions?

1 A. I'm not aware of that.

2 MR. FITZHENRY: Thank you. That's all
3 the questions I have, Mr. Hock.

4 EXAMINER WALLACE: Mr. Fein.

5 CROSS EXAMINATION

6 BY MR. FEIN:

7 Q. Good afternoon, Mr. Hock.

8 A. Good afternoon.

9 Q. Following up on that line of questioning
10 that Mr. Fitzhenry raised, are you aware that
11 electric utilities in Illinois have been required
12 to abide by affiliate rules since 1998 in Illinois?

13 A. I'm not really aware of that, no.

14 Q. If utilities were required to abide by
15 affiliate rules since 1998, would you agree that
16 there would be no need to develop rules regarding
17 those already existing affiliate rules?

18 A. I'm not sure that I agree with that
19 necessarily. If utilities at that time didn't have
20 affiliates and they create new affiliates, then
21 there probably would be rules that would have to be
22 developed, but I'm not really -- I'm not an expert

1 on that.

2 Q. So when you refer to some of the issues
3 facing your company where you mention the affiliate
4 rules and code of conduct, would it be fair to say
5 that those aren't initiatives that you are
6 personally involved with?

7 A. I'm peripherally involved with those
8 issues.

9 Q. And your peripheral involvement with
10 those issues, sitting here today, you have no
11 knowledge whether or not the company is, in fact,
12 abiding by or subject to any Commission rules
13 related to transactions with affiliates?

14 A. We have rules in place, and we are
15 continuing to develop new rules that we abide by.

16 Q. These are -- I'm sorry. Was there
17 something more you're going to say?

18 A. To the extent that those are the result
19 of Commission orders, I'm not incredibly familiar
20 with that.

21 Q. Do you understand that the Commission
22 has adopted rules that apply to all Illinois

1 utilities with regards to transactions with
2 affiliates?

3 A. That's my understanding, yes.

4 Q. Mr. Hock, on page 3 of your direct
5 testimony you discussed Ameren's project to provide
6 customer information via the Internet website.

7 A. Yes.

8 Q. Do you know at this point, sitting here
9 today, when the target date is for completion of
10 that project?

11 A. Well, there are several target dates for
12 the project that we're undertaking right now, the
13 first of which is sometime in January when we will
14 have a rudimentary system up and running. Our
15 ultimate target date is June 1st of 2001 that we
16 intend to have an information website that is in
17 terms of content consistent with what we anticipate
18 will be in the final order in this case.

19 Q. In your duties as Director of the ARES
20 Business Center for the Ameren companies, are you
21 aware how many ARES have registered with Ameren?

22 A. There are two that have completed the

1 registration process.

2 Q. Of those two ARES that have completed
3 the registration process, are both of them
4 currently serving retail customers in your service
5 territory?

6 A. Yes.

7 Q. In serving retail customers in your
8 service territory, do you know approximately how
9 many customers those two ARES are serving?

10 A. A total of about 300.

11 Q. Are either of those two ARES affiliates
12 of the Ameren Companies?

13 A. No.

14 Q. With regards to the approximately 300
15 customers being served by ARES, do you know how
16 many of those 300 customers are being served under
17 the company's purchased power option?

18 A. None of the customers -- of those 300,
19 none of them are on the power purchase option.
20 There is a separate set of customers that are on
21 the power purchase option, but to my knowledge none
22 of those 300 are on the power purchase option.

1 Q. Of those two ARES who are serving retail
2 customers in the Ameren companies' service
3 territory, are either of them providing service
4 under the portions related to single billing?

5 A. To my knowledge, there are no customers
6 in the Ameren system that are on the SBO tariff.

7 Q. Are you familiar with the provisions in
8 either the CIPS tariff or the UE tariff regarding
9 provision of single billing services?

10 A. Yes.

11 Q. Am I correct that at the time an ARES
12 seeks to register with either of the two utilities,
13 that they must indicate whether it intends to
14 utilize the single billing function?

15 A. If an ARES intends to serve any customer
16 under the SBO, then that's an agreement that they
17 must enter into with Ameren as part of their
18 registration process.

19 Q. And that agreement that you refer to,
20 that's a separate agreement. That's not a tariff
21 provision. It's a contract between the ARES and
22 the Ameren company?

1 A. Yes.

2 Q. Do you know whether either the Central
3 Illinois Public Service Company or Union Electric
4 Company tariffs discuss -- strike that.

5 Isn't it correct that the Central
6 Illinois Public Service Company tariff in its
7 discussion of single billing service and the single
8 bill option does not specifically discuss the issue
9 of whether a retail electric supplier must include
10 charges incurred by a retail customer under bundled
11 service if it decides to exercise the single bill
12 option?

13 A. I believe that's true.

14 Q. Now on page 4 of your direct testimony
15 when you discussed the credit for the single bill
16 option and the basis for the credit, beginning at
17 the top of the page there, when you use the phrase
18 basis for the credit, are you referring to what was
19 contained in the Commission's order in the Ameren
20 companies' delivery services tariff proceeding?

21 A. I'm actually referring more to the cost
22 components that went into the calculation of the

1 credit.

2 Q. And the Commission accepted the cost
3 components that went into the calculation of the
4 credit.

5 A. They approved our tariff, yes, sir.

6 Q. Now in the Ameren companies' delivery
7 services tariff proceeding, the specific issue of
8 requiring a retail electric supplier to include
9 unpaid balances on a retail electric supplier's
10 single bill, that was not addressed in Ameren's
11 delivery services tariff proceeding, was it?

12 A. Not to my knowledge.

13 Q. And there was not a specific cost
14 component that comprised the single bill option
15 credit that was specifically related to any
16 collection activities for unpaid -- any billing
17 activities for any unpaid bundled service charges
18 of the customer. Is that also correct?

19 A. My understanding is that the cost
20 components were not broken down in that detail to
21 separate bundled from unbundled.

22 Q. On page 5 of your testimony you're

1 discussing the provision of certain customer
2 information, and at line 104 on my copy you use the
3 phrase "no later than seven days from the request".

4 Do you see that?

5 A. Yes.

6 Q. Is that business or calendar?

7 A. Calendar.

8 Q. And do I understand your statement in
9 the sentence beginning on line 104 continuing to
10 line 105 that if a customer is on a special
11 contract, that there will be no customer
12 information that is available on the website or via
13 the website?

14 A. That's correct.

15 Q. Turning to your rebuttal testimony and
16 on page 3 of that testimony where you discuss the
17 SBO guarantor election that a RES can make.

18 A. Yes.

19 Q. Just so I understand your testimony, is
20 it your position then that if a retail electric
21 supplier elects to be the SBO guarantor, that in
22 that instance the retail electric supplier would be

1 responsible for billing a customer for any
2 outstanding bundled service charges?

3 A. Yes.

4 Q. Again, in the discussion of the SBO
5 guarantor option in the Ameren companies' delivery
6 services tariffs, there is no specific reference to
7 that scenario that I just described. Is that
8 correct?

9 A. That's my understanding, yes.

10 Q. SBO service, that's a delivery service
11 option. Is that correct?

12 A. It's in the delivery service tariffs,
13 yeah.

14 Q. Single billing option service did not
15 exist prior to open access in Illinois. Is that
16 correct?

17 A. That's true.

18 MR. FEIN: No further questions.

19 EXAMINER WALLACE: Mr. Jared.

20 MR. JARED: Thank you, Your Honor.

21

22

1 CROSS EXAMINATION

2 BY MR. JARED:

3 Q. Good afternoon, sir.

4 A. Good afternoon.

5 Q. Looking at your direct testimony at the
6 bottom of page 5, specifically lines 121 through
7 the end of the page, would you tell me the basis
8 for Ameren's anticipation of the costs of making
9 implementation changes would be substantial in this
10 case?

11 A. We've done preliminary estimates for
12 some portions of what we plan or what we anticipate
13 will be ordered in this case.

14 Q. And is that a result of proposals made
15 by parties such as MidAmerican?

16 A. I don't know.

17 Q. On the next page, page 6, lines 129
18 through 131, you state that Ameren proposes that
19 the costs of developing the website be recovered
20 through monthly fees charged directly to the RES.
21 Does Ameren have an estimate as to the magnitude of
22 those charges?

1 A. No, we don't.

2 Q. Do you have a feel for whether the
3 magnitude of those charges would be high enough to
4 discourage competition in your service area?

5 MS. LIEBMAN: Objection, Your Honor. He
6 said he didn't know what the magnitude is.

7 EXAMINER WALLACE: Sustained.

8 Q. Is Ameren making that proposal in this
9 proceeding, the proposal on lines 129 through 131?

10 A. I don't anticipate that we will be
11 proposing any tariff changes to include fees as a
12 part of this case.

13 Q. Including this particular charge here.

14 A. Yes.

15 Q. Okay. Do you know in what proceeding
16 you will be making that proposal?

17 A. No, I don't.

18 Q. Okay.

19 At line 132 through 133 you state that
20 the cost recovery mechanism that is appropriate for
21 each project will depend on the nature of the
22 change that will have to be made. Does that mean

1 there may be a different cost recovery method for
2 each change Ameren has to make?

3 A. Yes.

4 Q. Okay. And there will be a separate
5 charge for each of those changes?

6 A. That's possible.

7 Q. Okay. Moving to your rebuttal testimony
8 at lines 109 through 111, sir.

9 A. Okay.

10 Q. You have the statement: "The requirement
11 to include charges for unpaid bundled service
12 should not significantly increase the costs of
13 performing these activities." Do you see that?

14 A. Yes.

15 Q. Okay. Have you performed any analyses
16 or comparisons to determine how many customers have
17 unpaid bundled service bills and what the amounts
18 of those bills would be?

19 A. Approximately 8 percent of the customers
20 that have switched to RESs had unpaid bundled
21 balances at the time that they switched. I have
22 not done an analysis to quantify the magnitude of

1 those balances.

2 Q. And at lines 140 through 141, and that
3 would be on page 6 of my copy, you state: "Ameren's
4 customer service system ("CSS") is not designed to
5 handle multiple accounts for the same meter and
6 premise." Do you know how Ameren's customer
7 service system handles a customer who files
8 bankruptcy?

9 A. I'm not, not, not incredibly familiar
10 with that procedure.

11 Q. Do you know whether a separate account
12 has to be created for that customer for post -
13 bankruptcy filing debts?

14 A. I don't know.

15 Q. Okay. At lines 128 through 135 you
16 state that if the DSP were to send a separate bill
17 for unpaid bundled charges, the result would
18 undoubtedly be a great deal of customer confusion.

19 A. Can you repeat that?

20 Q. I'm sorry; line 128.

21 A. 128?

22 Q. To 135.

1 A. Okay.

2 Q. And I obviously paraphrased that. I'm
3 sorry. But when the customer first incurred the
4 bundled service charges, it would have been the
5 utility who sent that bill to the customer.
6 Correct?

7 A. Correct.

8 Q. Okay. And if MidAmerican's proposal was
9 adopted in this case, would any party other than
10 that same utility send a bill for unpaid bundled
11 service to that customer?

12 A. I'm not incredibly familiar with what
13 MidAmerican's proposal is in this case. If you
14 want to give me some detail on that, I can answer
15 the question.

16 Q. Well, under MidAmerican's proposal,
17 essentially the responsibility for collecting
18 unbundled -- unpaid bundled services would rest
19 back with the utility, not with the RES.

20 A. Okay.

21 Q. So under that situation, it would be the
22 same utility, the same party, filing for unpaid

1 bundled service as initially sent the bill.

2 A. I agree with that.

3 Q. And on pages 9 and 10, sir, of your
4 rebuttal testimony, at the bottom of page 9 you
5 state: "The Commission and all stakeholders must
6 work to avoid to creating mechanisms that encourage
7 some customers, at the expense of all customers, to
8 avoid payment for services rendered." Has any
9 party or has any witness in this case stated that
10 some customers at the expense of all other
11 customers should be encouraged to avoid payment for
12 services rendered?

13 A. Not that I'm aware of.

14 Q. And no matter how the Commission
15 resolves this issue in this case, won't the utility
16 companies still have the right of disconnection
17 under Part 280?

18 A. They'll still have that right, yes.

19 Q. One final question on your surrebuttal
20 testimony, sir, lines 114 to 116. Do you have
21 that?

22 A. Yes.

1 Q. Okay. At that point you state: "Ameren
2 would be willing to adopt CILCO's business practice
3 of prohibiting a customer from switching to a RES
4 if they have an outstanding balance for bundled
5 service." Do you see that cite?

6 A. Yes.

7 Q. How would that practice aid in the
8 development of a competitive power and energy
9 market in Illinois?

10 A. I don't really have an answer for that,
11 or I don't really have an opinion on that. I'm
12 just merely stating that we would be willing to
13 adopt that practice.

14 MR. JARED: Okay. I have no further
15 questions. Thank you.

16 EXAMINER WALLACE: Mr. Warren?

17 MR. WARREN: I have no questions at this
18 time, Your Honor.

19 MR. REVETHIS: Could I indulge the
20 Examiner? We just have very brief cross of the
21 witness.

22 EXAMINER WALLACE: Let's go off the

1 record.

2 (Whereupon at this point in
3 the proceedings an
4 off-the-record discussion
5 transpired.)

6 EXAMINER WALLACE: Let's go back on the
7 record.

8 MR. REVETHIS: Thanks. Thank you. I
9 appreciate it.

10 CROSS EXAMINATION

11 BY MR. REVETHIS:

12 Q. Good afternoon, sir.

13 A. Good afternoon.

14 Q. Sir, Dr. Schlaf made three suggestions
15 regarding individual transition charges in his
16 direct testimony. I'll be more specific. That's
17 the topic I'm approaching here.

18 A. Okay.

19 Q. If you'll need his testimony, I can
20 provide it to you, but let me start with a question
21 first. Dr. Schlaf suggests that Ameren change the
22 title of the subsection that describes when a

1 customer may receive an individual CTC calculation
2 from calculation by class of customers. Does
3 Ameren -- will Ameren consider a change to this
4 title?

5 A. That's something that we would consider,
6 sure.

7 Q. Okay. And also in that same line, does
8 Ameren agree to or consider to identify the
9 circumstances in which a 1.0 megawatt customer can
10 receive an individual CTC calculation?

11 A. We would consider it.

12 Q. Okay. And also would you consider to
13 identify in your tariff the circumstances when
14 customers who are taking service under special
15 contracts are entitled to individual CTC
16 calculations?

17 A. We will consider that.

18 MR. REVETHIS: Okay. That's fine.
19 Nothing further. Thank you.

20 EXAMINATION

21 BY EXAMINER WALLACE:

22 Q. Mr. Hock, are you currently or do you

1 continue to work on this Uniform Business Practice
2 group?

3 A. I'm not personally involved with it.
4 Ameren does have representatives as part of that
5 group though, yes.

6 Q. You're not on that at this time.

7 A. Not me personally, no.

8 Q. And were you involved in writing any of
9 the delivery service tariffs?

10 A. I played a small part in some of that
11 language, yes.

12 Q. Is Mr. Carls more the tariff person?

13 A. Yes.

14 Q. Of the two?

15 A. Definitely.

16 (Laughter)

17 EXAMINER WALLACE: All right. Then thank
18 you, Mr. Hock.

19 Any redirect?

20 MS. LIEBMAN: Could we have one moment,
21 Your Honor?

22 EXAMINER WALLACE: Yes. We'll take a few

1 minutes.

2 (Whereupon a brief recess
3 transpired, during which
4 time ICC Staff Exhibit 2
5 Revised was physically
6 marked for identification by
7 the Court Reporter.)

8 EXAMINER WALLACE: All right. Let's go
9 back on the record.

10 Any redirect?

11 MS. LIEBMAN: Just a few questions, Your
12 Honor.

13 REDIRECT EXAMINATION

14 BY MS. LIEBMAN:

15 Q. Mr. Hock, you said that you were not
16 directly responsible for participating in the
17 uniform business practices discussions.

18 A. Yes.

19 Q. Is someone who directly reports to you
20 at Ameren involved in those discussions?

21 A. Yes.

22 Q. Looking at your rebuttal testimony on

1 page 9, the bottom of page 9, Mr. Jared asked you
2 if any witness in this case had recommended that
3 some customers at the expense of other customers
4 would avoid payment for services rendered. Do you
5 remember that question?

6 A. Yes.

7 Q. Was your answer to that question based
8 on the specific testimony of a particular -- of the
9 witnesses in this case? Were you thinking about
10 the specifics of the testimony?

11 A. Yes. To my knowledge, there was no one
12 who directly stated that, although, in my opinion,
13 the inevitable outcome of that proposal is that it
14 leaves that open to the possibility because
15 disconnection would be very difficult for people
16 who had switched to delivery services.

17 Q. And the result of -- you mentioned that
18 proposal. Were you specifically referencing
19 Ms. Kutsunis' proposal?

20 A. Right.

21 Q. To close a customer's account when the
22 customer began to take service from a RES or

1 switched RESs?

2 A. That is correct.

3 Q. And then have to open a new account for
4 that customer. Is that correct?

5 A. That's correct.

6 Q. And along that line, Mr. Jared asked you
7 something about MidAmerican's proposal, and you
8 said I'm not familiar with that proposal. You
9 obviously are familiar with Ms. Kutsunis' proposal
10 that customer accounts be closed when they switch
11 to a RES or switch RESs and that new accounts be
12 created for those customers. Is that correct?

13 A. Yes, yes.

14 Q. And, in fact, you were testifying in
15 response to that proposal.

16 A. That is correct.

17 MS. LIEBMAN: That's all I have, Your
18 Honor.

19 EXAMINER WALLACE: All right. Any
20 recross?

21 MR. JARED: Your Honor.

22 EXAMINER WALLACE: Mr. Jared.

1 RECROSS EXAMINATION

2 BY MR. JARED:

3 Q. Sir, why would disconnection be more
4 difficult?

5 A. In our billing system disconnects are
6 generated automatically from accounts that are past
7 due. Once an account is finaled, it's not possible
8 to issue a disconnect from that account. So once
9 an account is finaled, if you final an account and
10 create a new account when a person switches,
11 there's no way to disconnect that customer based on
12 a past due balance on that finaled account. So as
13 long as the current account doesn't have a past due
14 balance, there's no disconnect that's generated
15 automatically.

16 Q. So the problem is one created by your
17 computer system?

18 A. Yes.

19 MR. JARED: No further questions.

20 EXAMINATION

21 BY EXAMINER WALLACE:

22 Q. Mr. Hock, the disconnect would have

1 nothing to do with the fact necessarily that the
2 customer switched from bundled service to delivery
3 service, or is that -- it's the fact that you
4 finaled the bundled account out.

5 A. The fact that we finaled the account
6 would make it impossible to issue a disconnect.

7 Q. So Ameren's approach is that the
8 customer would retain the same account number?

9 A. If a customer -- are you saying that if
10 a customer switched --

11 Q. Well, no. What's your current practice
12 if a customer goes from bundled to delivery
13 service?

14 A. They retain the same account number.

15 Q. All right.

16 A. Yes.

17 Q. Do you foresee any problems in
18 disconnecting a customer continuing that approach?

19 A. No.

20 Q. If they fail to pay a past due bundled
21 bill?

22 A. There is no problem with issuing a

1 disconnect notice based on that under our current
2 practice.

3 EXAMINER WALLACE: Okay. Thank you. You
4 may step down.

5 (Witness excused.)

6 EXAMINER WALLACE: Why don't we go ahead
7 and try to get Mr. Carls done.

8 MS. LIEBMAN: Your Honor, we would call
9 Jon Carls. He has previously been sworn.

10 JON R. CARLS
11 called as a witness on behalf of the Ameren
12 companies, having been first duly sworn, was
13 examined and testified as follows:

14 DIRECT EXAMINATION

15 BY MS. LIEBMAN:

16 Q. Mr. Carls, would you state your full
17 name and business address?

18 THE WITNESS:

19 A. My name is John R. Carls. My business
20 address 607 East Adams, Springfield, Illinois
21 62739.

22 Q. Mr. Carls, do you have before you what

1 has been marked as Ameren Exhibit 1?

2 A. Yes.

3 Q. And is that your rebuttal testimony in
4 this case?

5 A. Yes, it is.

6 EXAMINER WALLACE: We already have an
7 Ameren Exhibit 1.

8 MS. LIEBMAN: I'm sorry; I'm sorry.
9 Ameren Exhibit 4.

10 Q. Is that your rebuttal testimony in this
11 case?

12 A. Yes, it is.

13 Q. And was that prepared by you or under
14 your direct supervision?

15 A. Yes, it was.

16 Q. Do you have any additions or corrections
17 to make to Ameren Exhibit 4?

18 A. No.

19 Q. If I were to ask you the questions in
20 Exhibit 4 today, would your answers be the same as
21 those that are contained in the document?

22 A. Yes, they would.

1 Q. And do you have before you what has been
2 marked as Ameren Exhibit 5?

3 A. Yes.

4 Q. And is that your surrebuttal testimony
5 in this case?

6 A. It is.

7 Q. Was that prepared by you or under your
8 direct supervision?

9 A. Yes, it was.

10 Q. Do you have any additions or corrections
11 to Ameren Exhibit 5?

12 A. No.

13 Q. If I were to ask you the questions in
14 Exhibit 5 today, would your answers be the same?

15 A. Yes, they would.

16 MS. LIEBMAN: Your Honor, I offer Ameren
17 Exhibits 4 and 5, and I offer Mr. Carls for
18 cross-examination.

19 EXAMINER WALLACE: Any objection? All
20 right. Ameren Exhibits 4 and 5, having been
21 previously electronically filed on the e-Docket
22 system and no changes being made, those will be the

1 official exhibits and are admitted into the record.

2 (Whereupon Ameren Exhibits
3 4 and 5 were received into
4 evidence.)

5 EXAMINER WALLACE: Cross-examination of
6 Mr. Carls? Mr. Fitzhenry.

7 CROSS EXAMINATION

8 BY MR. FITZHENRY:

9 Q. Good afternoon, Mr. Carls.

10 A. Good afternoon.

11 Q. I'd like you to look at page 3 of your
12 rebuttal testimony, which is Ameren Exhibit 4.

13 EXAMINER WALLACE: I'm sorry. Off the
14 record.

15 (Whereupon at this point in
16 the proceedings an
17 off-the-record discussion
18 transpired.)

19 EXAMINER WALLACE: Back on the record.

20 MR. FITZHENRY:

21 Q. When you were asked a question as to
22 whether or not you agreed with a standard

1 structural layout of tariffs to incorporate
2 delivery service tariffs you answered no, and then
3 you go on to answer, in part, that Ameren's current
4 DS tariffs were designed to provide some continuity
5 and comparability to Ameren's bundled electric
6 tariffs. Do you see that testimony, sir?

7 A. Yes, I do.

8 Q. I'd like to focus on your reference to
9 comparability between the Ameren delivery service
10 tariffs and Ameren's current bundled electric
11 tariffs. Now delivery services as a service had
12 never been offered before by Ameren prior to
13 October 1, 1999. Correct?

14 A. That's correct.

15 Q. And it's a completely different service
16 than anything that Ameren had previously offered in
17 terms of a retail service here in Illinois.

18 A. On the electric side of the business.

19 Q. On the electric side, correct. And, in
20 fact, when we look at Ameren's delivery service
21 tariffs, we see terms that do not appear at all in
22 Ameren's bundled electric tariff, such as customer

1 self manager or RES. Correct?

2 A. Those are new.

3 Q. In fact, there are services that are
4 being offered in the context of delivery services
5 that do not appear in Ameren's bundled electric
6 tariffs, such as the PPO.

7 A. That's correct.

8 Q. And there's nothing like customer
9 switching that you provide for under your delivery
10 service tariffs in bundled electric tariffs.
11 Correct?

12 A. That's correct also.

13 Q. So when you talk about comparability, do
14 I take it you mean comparability in terms of format
15 and perhaps some other terminology between Ameren's
16 delivery services and the bundled electric tariffs?

17 A. Primarily, yes, format and there are
18 some definitions and terminologies that do carry
19 over to classes of customers that get lapped from
20 one to another, things like that.

21 Q. But in terms of substance, they're
22 really different services. They have their own

1 different terms and provisions. Correct?

2 A. Certainly the services offered are
3 entirely different. We tried to make it easy for a
4 customer on an existing bundled rate to see where
5 he would move to and how that would affect him on
6 an unbundled delivery service rate.

7 Q. I guess that sort of brings me to my
8 next question or series of questions. Again, on
9 page 3 you go on to say you believe the comparison
10 is important to customers as they examine their
11 power and energy options. Correct?

12 A. That's correct.

13 Q. Now if a customer is taking delivery
14 services, that customer in terms of looking at its
15 power and energy options will be looking either to
16 go back to taking bundled service from Ameren or
17 taking service from an alternative supplier.

18 A. After they have made the decision to go
19 to delivery services, then that's their next step,
20 yes. What I'm discussing here is they're still on
21 bundled service and needing to make some
22 comparisons, or they're on the unbundled needing to

1 compare going back, yes.

2 Q. Let me ask you about that. If they're
3 on bundled services and you say they need to make
4 comparisons to the delivery service tariffs, tell
5 me what you mean by that.

6 A. A fundamental decision that every
7 customer has -- they start out on bundled services.
8 Their first decision is do I want to take delivery
9 services.

10 Q. What is it about the fact that they're
11 on unbundled tariffs and you want some amount of
12 comparison to delivery services that plays into
13 that customer's decision as to whether or not that
14 customer wants to move from bundled services to
15 delivery services?

16 A. Their understandability. They know our
17 current bundled tariffs, and they want to be
18 pointed we believe to the place in the delivery
19 service tariffs that will let them make those
20 decisions, not have to read the entire book.

21 Q. Maybe we're having a disconnect here. A
22 customer that's contemplating moving from bundled

1 services to delivery services is also a customer
2 that's looking to take power and energy from
3 another supplier. Correct?

4 A. That may be one of his choices for
5 power, yes.

6 Q. And a customer that's thinking about
7 moving to delivery services to take power and
8 energy from another supplier will be keenly
9 interested in price, for example. Do you agree
10 with that?

11 A. That will be one big consideration.

12 Q. Does this comparability discussion in
13 your testimony in any way suggest to you that the
14 customer that is taking bundled service may be more
15 inclined to stay with bundled service? Do you
16 understand the question?

17 A. Not at all.

18 Q. I'm trying to get back to your reasoning
19 as to why you believe comparability between the
20 bundled service and the delivery service is
21 meaningful to the bundled service customer, and
22 does this comparability as you've described it in

1 your testimony, will it bear upon the customer's
2 decision to stay on bundled service?

3 A. If you're asking does it make it more
4 likely that they will stay on bundled service
5 because we have comparability?

6 Q. Yes.

7 A. I don't believe so.

8 Q. Let me ask you to turn to page 5 of your
9 rebuttal testimony. Here you make reference and
10 support the road map method, as it's been
11 described, and indicate that one of the benefits to
12 customers and suppliers and regulators and other
13 DSPs is that they're able to look to find
14 comparable terms and conditions for a given subject
15 matter. Do you see that?

16 A. Yes, I do.

17 Q. Why do you consider that to be a
18 benefit?

19 A. Most of the discussions that I've
20 participated in, that's where the proponents of
21 uniform tariffs start is we don't want to have to
22 read everybody's complete tariffs to find a similar

1 term. If we're researching a topic, we'd like to
2 go to the same place to find it.

3 Q. But you also look at and you talk about
4 comparable terms. Do you believe comparable terms
5 is important to, as you put it, customers and
6 regulators and DSPs?

7 A. If they are looking for a term and
8 condition that's described, for example they're
9 looking for the PPO, then they would like to go to
10 a place and find PPO described the same, yes. Much
11 of that falls in the standard definitions too I
12 think.

13 Q. As well as the description of the PPO.

14 A. Yes, sir.

15 Q. Let me ask you to turn to page 7 of your
16 rebuttal testimony, and here you are addressing the
17 proposal by Staff witness Lazare in terms of the
18 support for a common structure or a common outline,
19 and you indicate another benefit in this approach
20 is that it would not require any changes in systems
21 and business practices or rate administration, and
22 I guess my question to you, Mr. Carls, is what did

1 you mean by rate administration in the context of
2 your answer?

3 A. We would not have to write new terms and
4 conditions for tariffs. We would use existing
5 Illinois Commerce Commission approved language and
6 would be moving it without starting over.

7 Q. Now I'd asked Mr. Hock and I think you
8 also touch on this subject as well that Ameren will
9 be making a filing in April 2001 to effectuate
10 residential delivery service tariffs. Is that
11 right?

12 A. We will be making it on or before April
13 1st.

14 Q. Okay. And Mr. Hock also testified that
15 you may include changes to existing nonresidential
16 delivery service tariffs. Is that right?

17 A. We will propose some.

18 Q. Are these changes to existing
19 nonresidential delivery service tariffs the same
20 tariffs to which Mr. Hock refers to in his
21 testimony as having been found just and reasonable
22 by the Commission in 1999?

1 A. Some of them.

2 Q. Some of them that are existing and then
3 there will be new nonresidential delivery service
4 tariffs?

5 A. There will be at least one new proposal.

6 Q. But you are making changes to existing
7 nonresidential delivery service tariffs or you
8 anticipate making changes to existing
9 nonresidential delivery service tariffs that the
10 Commission had found just and reasonable a year and
11 a half ago.

12 A. Yes, sir.

13 MR. FITZHENRY: Thank you. That's all
14 the questions I have.

15 EXAMINER WALLACE: Mr. Fein?

16 MR. FEIN: Thank you.

17 CROSS EXAMINATION

18 BY MR. FEIN:

19 Q. Good afternoon, Mr. Carls.

20 A. Good afternoon.

21 Q. On page 3 of your rebuttal testimony you
22 discuss -- you have a list there of the groups that

1 would benefit from a more common structure of DSTs.

2 Do you see that?

3 A. Yes, I do.

4 Q. Would another group who would
5 potentially benefit from a uniform or standard
6 structure be electric utilities that compete
7 against other electric utilities?

8 MS. LIEBMAN: Your Honor, may I ask for a
9 clarification?

10 MR. FEIN: Sure.

11 MS. LIEBMAN: I believe this testimony is
12 not what Mr. Carls believes is the entities that
13 would benefit. The reference is to other dockets
14 and the testimony of other witnesses who advance
15 these positions.

16 MR. FEIN: That's correct. Let me
17 rephrase the question, and I apologize for it.

18 Q. Mr. Carls, do you agree that those three
19 entities would benefit from greater uniformity or a
20 standard structure in delivery services tariffs?

21 A. There's a potential for those three to
22 benefit, yes.

1 Q. Would an electric utility competing
2 outside of its service territory against another
3 Illinois electric utility also benefit from a
4 standard structure in delivery services tariffs?

5 A. I would believe they fall into the
6 category B, energy suppliers.

7 Q. And on line 64 on that page where you
8 refer to others have continually advocated that a
9 standard structure is crucial to development of a
10 competitive market, do you see that reference?

11 A. Yes, I do.

12 Q. The basis for that is one place would be
13 in the original delivery services tariff dockets?

14 A. That would be one place.

15 Q. Would another place be what was a Docket
16 98-0680 which was some terms and conditions that
17 were adopted prior to the filing of delivery
18 service tariffs and delivery services
19 implementation plans?

20 A. It may have been. I'm not totally sure,
21 but it might have been.

22 Q. Have you been involved in other

1 proceedings where this issue of uniformity has been
2 raised by various parties?

3 A. Clearly the workshops have had a variety
4 of topics that might touch on that.

5 Q. And you're familiar with the
6 Commission's order regarding the Ameren companies'
7 delivery services tariffs?

8 A. Generally, yes.

9 Q. Are you aware that the Commission
10 expressed an opinion as to greater uniformity in
11 delivery services tariffs?

12 A. I'm familiar with language like that.

13 Q. Is Ameren supportive of assisting
14 customers who operate in more than one service
15 territory?

16 A. Ameren is supportive of assisting
17 customers period.

18 Q. Is Ameren supportive of assisting retail
19 electric suppliers' efforts to provide service in
20 more than one service territory in Illinois?

21 A. I guess we don't have a strong interest
22 in that. Our concern is about service in our

1 territory.

2 Q. You list a couple of examples on page 4
3 of your rebuttal testimony of issues related to the
4 development of the competitive market. For
5 example, you provide a couple of examples on lines
6 80 through 83.

7 A. Yes, sir.

8 Q. Do you see those references?

9 A. Yes.

10 Q. Are you aware of how long the -- well,
11 strike that.

12 When you refer to code of conduct rules,
13 what are you referring to?

14 A. I believe there are two dockets. The
15 numbers escape me at the moment, but one is called
16 standards of conduct, one is called functionality
17 separation, that are consolidated.

18 Q. Do you know how long that proceeding has
19 been ongoing at the Commission?

20 A. A long, long time.

21 Q. Are you aware that hearings were held
22 almost two years ago in January of 1999?

1 A. I know it has been over a year.

2 Q. Is it your understanding that there are
3 no further filing requirements or pleadings that
4 are required by parties to provide? That the
5 proceeding is presently before the Commission and
6 they are currently deliberating in that proceeding?

7 A. My understanding is it is currently
8 before the Commission.

9 Q. Are you also aware that various parties
10 and various forums have raised issues regarding
11 FERC jurisdictional open access transmission
12 tariffs as another area that could be modified in
13 order to aid in the development of the competitive
14 market?

15 A. I'm aware there have been objections or
16 concerns raised about that, yes.

17 Q. Are you familiar with the proposal in
18 this proceeding with regards to a uniform or pro
19 forma tariff that was submitted by MidAmerican
20 Energy Company?

21 A. I'm familiar with it, yes.

22 Q. Is it your understanding that under that

1 proposal customers -- strike that.

2 Is it your understanding that under that
3 proposal utilities would be allowed to apply for
4 deviations from that pro forma tariff?

5 A. Yes.

6 Q. On page 10 of your rebuttal testimony,
7 when you use the term "great amount of effort" on
8 line 229, have you conducted any survey or analysis
9 that you submitted in this proceeding regarding
10 that effort either in man-hours or cost to the
11 company?

12 A. No.

13 Q. And on page 13 of your rebuttal
14 testimony, line 286 to 288, when you refer to
15 "least associated costs", costs to whom are you
16 referring to?

17 A. The intent there was the cost to all
18 parties. The participants in such uniformity
19 discussions will be those in the room today,
20 marketers, utilities, customers, customer
21 representatives anyway.

22 Q. Costs to utilities with respect to

1 uniformity, utilities are provided with the right
2 to seek recovery of certain costs that they would
3 incur as a result of any uniformity or any orders
4 entered by the Commission?

5 A. That's an opportunity we would have,
6 yes.

7 Q. And I believe one of the proposals from
8 the Ameren company is that they would propose that
9 any costs -- the proposal in this proceeding, if
10 one was to be adopted, was that fees would be the
11 mechanism of recovery with respect to the customer
12 information and website that Ameren is in the
13 process of developing?

14 A. The example Mr. Hock gave, yes, that was
15 his conclusion that these were the proper
16 methodology.

17 Q. On page 15 of your rebuttal testimony,
18 line 344, you mention the discussions that Ameren
19 had with other DSPs. When did those discussions
20 take place?

21 A. I believe the initial discussions were
22 within a week of the direct testimony being filed

1 in this case.

2 Q. What other DSPs were present?

3 A. We have discussed with several. The
4 primary participants in this discussion have been
5 Commonwealth Edison and Illinois Power along with
6 the Ameren companies.

7 Q. Were any retail electric suppliers who
8 are parties to this proceeding invited to those
9 meetings?

10 A. I don't believe any were directly
11 invited to sit down at a table with us physically,
12 but I believe the work product of outline that we
13 came up with was shared with some of them and asked
14 for their reactions.

15 Q. The work product outline, that would be
16 the exhibit to the testimony that you're referring
17 to?

18 A. Yes, sir.

19 Q. Were there any other documents that were
20 prepared at that meeting?

21 A. No, sir.

22 Q. Did any of the retail electric suppliers

1 that you provided a copy of the outline document
2 provide you with comments?

3 A. I didn't make any personal contacts with
4 them. It's my understanding they had some
5 thoughts, but I could not summarize them. They
6 chose not to be sponsors of the outline.

7 Q. Would it be fair to say that whatever
8 those comments might have been, that they weren't
9 incorporated in the document that was filed in this
10 case?

11 A. I don't believe there were any changes
12 to the document after those comments.

13 MR. FEIN: No further questions.

14 EXAMINER WALLACE: Mr. Jared?

15 MR. JARED: Thank you, Your Honor.

16 CROSS EXAMINATION

17 BY MR. JARED:

18 Q. Good afternoon.

19 A. Good afternoon.

20 Q. When Ameren filed its original delivery
21 services tariffs, did Ameren file separate delivery
22 services tariffs for AmerenCIPS and AmerenUE?

1 A. Yes.

2 Q. Okay. And were those delivery service
3 tariff sets identical or nearly identical?

4 A. They are nearly identical.

5 Q. Does having two similar sets of DSTs
6 make it easier for Ameren's personnel to administer
7 those tariffs?

8 A. In most instances, yes.

9 Q. Am I correct that Ameren supports ComEd
10 witness Alongi's common index approach?

11 A. Yes.

12 Q. Okay. Am I also correct that under that
13 approach there would be no changes to Ameren's
14 existing tariffs?

15 A. We would most likely in the hard copy
16 tariffs put some cross-reference table in.

17 Q. The words or the substance of the
18 tariffs themselves though would stay the way they
19 are now?

20 A. That's correct.

21 Q. Okay. You also state on page 11 of your
22 rebuttal testimony around lines 244 to 248 that

1 Ameren would be receptive to the adoption of a
2 common outline, such as that suggested by Staff
3 witness Lazare, with some modifications and with
4 some changes in the order within the outline.
5 Correct?

6 A. That's correct.

7 Q. Okay. Am I also correct that even with
8 Ameren's modifications and changes in the order of
9 the outline, there would also be no change in the
10 substantive aspects of Ameren's tariffs?

11 A. I'm not sure I would agree that there
12 would be no change. There would be minor changes.
13 There would have to be some narrative that would
14 perhaps better walk a customer through the choice
15 process, but the terms and conditions, the rules
16 would not change.

17 Q. In the case of Ameren, can you provide
18 an example of what would be a miscellaneous general
19 provision, which I believe is Section 13 of the
20 Attachment A or Section 11 of Attachment B?

21 A. Not right offhand. There would be very
22 few. We believe we would fit most of them into the

1 other sections.

2 Q. And that's my question. Thank you.

3 In your surrebuttal testimony at lines 78
4 through 83 you state it's Ameren's intention to
5 file its residential delivery service tariff and
6 updated nonresidential tariffs prior to April 1 of
7 2001. That's two months prior to the informally
8 agreed upon date of June 1, correct?

9 A. April 1st is.

10 Q. Sure. Why is Ameren intending on filing
11 two months earlier?

12 A. Ameren intends to file six months
13 earlier.

14 Q. From the statutory date?

15 A. Yes.

16 Q. Okay. Why does Ameren intend to file
17 its tariffs on April 1st as opposed to June 1st or
18 October 1st?

19 A. There are a number of reasons that led
20 us to that decision. One of those is we believe
21 there will be a benefit to residential customers to
22 know their residential delivery service rates more

1 than one month in advance of the date that they're
2 eligible. We believe that will give them the
3 opportunity to begin the shopping process so that
4 more may be willing or interested in switching on
5 May 1, 2002 than would be if we wait until April
6 1st to have their rates calculated.

7 Q. Any other reasons that come to mind?

8 A. Work flow, a variety of issues like
9 that.

10 MR. JARED: Okay. I have no further
11 questions. Thank you.

12 EXAMINATION

13 BY EXAMINER WALLACE:

14 Q. Mr. Carls, would you agree that -- or
15 let me back up. Are you familiar with other
16 utilities' tariffs in general?

17 A. In general.

18 Q. And the delivery service tariffs in
19 particular?

20 A. Again, I've read most of them.

21 Q. Would you agree, including Ameren and
22 the other utilities, that the tariffs are organized

1 differently from utility --

2 A. Yes, they are.

3 Q. Would you agree that the concepts
4 contained in the tariffs are similar though?

5 A. I think most of them are.

6 Q. And you were involved significantly with
7 AmerenCIPS' and AmerenUE's delivery service tariffs
8 in writing them last year?

9 A. In organizing them, yes.

10 Q. What would be your estimate of time, if
11 you were to have to comply with a uniform tariff,
12 in rewriting AmerenCIPS' and AmerenUE's delivery
13 service tariffs?

14 A. By uniform you mean a pro forma, this
15 order, this language?

16 Q. If that's more convenient, I guess
17 everyone likes pro forma, you can use that.

18 A. Just taking a stab, I would guess it
19 would take two man months.

20 Q. Does Ameren generally use a team or a
21 committee to work on tariffs or is it individual
22 responsibility?

1 A. The individual responsibility falls to
2 our department, but we will use topical experts
3 from throughout the company.

4 Q. And I don't know how Ameren has
5 organized CIPS and UE. Do they still write tariffs
6 individually or are they more coordinated?

7 A. It's reasonably coordinated in Illinois.

8 EXAMINER WALLACE: All right. Thank you,
9 Mr. Carls.

10 Any redirect?

11 MS. LIEBMAN: Could I have a moment?

12 EXAMINER WALLACE: Yes.

13 MS. LIEBMAN: Thank you.

14 (Whereupon a short recess
15 was taken.)

16 EXAMINER WALLACE: All right. Back on
17 the record.

18 Any redirect?

19 MS. LIEBMAN: Yes, Your Honor.

20 EXAMINER WALLACE: All right. Go ahead.

21

22

1 REDIRECT EXAMINATION

2 BY MS. LIEBMAN:

3 Q. Mr. Carls, Mr. Fitzhenry asked you some
4 questions regarding language on page 5 of your
5 rebuttal testimony, line 113, specifically the
6 reference to comparable terms and conditions. Did
7 you intend by the phrase "comparable terms and
8 conditions" to refer to essentially pro forma
9 tariffs and language that is exactly the same from
10 --

11 A. The intent of that sentence was to
12 describe someone who wanted to look at the terms
13 and conditions on a given topic and compare and
14 contrast that.

15 Q. So you were not referring to language
16 that is exactly the same.

17 A. That was not the intent of that phrase,
18 no.

19 Q. And Mr. Fein asked you a question about
20 your familiarity with language from the Commission
21 regarding the desire for greater uniformity. Is it
22 your understanding that greater uniformity is the

1 same as pro forma tariffs?

2 A. Not necessarily, no.

3 Q. Is it your position that simply because
4 a company may have the opportunity to recover costs
5 of going to a pro forma tariff, that that's a good
6 reason for adopting uniformity and pro forma
7 tariffs?

8 A. No, it's not a good reason at all.
9 First of all, the customer, if there are increased
10 rates, would be the one paying for that, and our
11 experience with our customers is very few of them
12 are the ones who serve in different service
13 territories, so that would be a negative, and,
14 secondly, the way delivery service tariffs have
15 been set, they are set as if everyone takes
16 delivery service, and reality is you recover very
17 few cents on a dollar of what's in your revenue
18 requirement even if it's allowed.

19 Q. When Examiner Wallace asked you a
20 question about the time it would take to move to
21 pro forma tariffs, you responded that you were
22 taking a stab at an estimate, and then you said it

1 would take two man months. Do you recall that
2 answer?

3 A. Yes, I do.

4 Q. What was included in that stab of an
5 estimate?

6 A. I was trying to visualize the actual
7 writing of the tariffs or rewriting and
8 reorganizing the tariffs. That would take into
9 account no estimate for the millions of man-hours
10 spent in workshops, the time spent training all of
11 our customer service people if the changes were
12 significant, and related to that changing billing
13 systems if there were significant changes there.
14 None of those were included in the answer that I
15 gave of approximately two man months, just the
16 writing of the tariffs, rewriting, reorganizing.

17 Q. And in fact, in addition to workshops
18 there could be a litigated proceeding. Is that
19 correct?

20 A. I think that's a high probability, yes.

21 MS. LIEBMAN: I have nothing further,
22 Your Honor.

1 EXAMINER WALLACE: Any recross?

2 MR. FITZHENRY: Just a quick follow-up.

3 RECROSS EXAMINATION

4 BY MR. FITZHENRY:

5 Q. Mr. Carls, your comment that there are
6 few customers that operate in multiple service
7 territories, did you have in mind commercial
8 customers like Wal-Mart and Target and franchises
9 like that when you gave your answer?

10 A. There are a few of those. We also have
11 a few industrial customers that are in multiple
12 territories.

13 Q. But there's a relatively -- I could on
14 and on of different retail franchises like Quik
15 Trips and Targets and Wal-Marts and McDonalds and
16 so forth that operate throughout the entire state,
17 as a matter of fact.

18 A. There are. Our experience has been that
19 many of them are locally owned, and the owner of a
20 McDonald's in Quincy most likely is not the owner
21 of a McDonald's in Decatur or Chicago.

22 Q. Okay. But that doesn't prevent them

1 from aggregating and buying power from a single
2 ARES or RES in the state. Correct?

3 A. For aggregation purposes that's correct,
4 yes.

5 MR. FITZHENRY: Thank you. That's all I
6 have.

7 EXAMINER WALLACE: Mr. Jared?

8 MR. JARED: No.

9 EXAMINATION

10 BY EXAMINER WALLACE:

11 Q. Well, Mr. Carls, if the Commission would
12 help you out and order a uniform or pro forma
13 tariff, would that reduce your time writing?

14 A. It might reduce my time writing. It
15 would increase my time on other things.

16 Q. Well, just hypothetically taking
17 Mr. Rea's exhibits from MidAmerican, aren't many of
18 the concepts in those two tariffs similar to what
19 Ameren would use or is using now?

20 A. Many of them are, yes, sir.

21 Q. And so Mr. Rea's two exhibits aren't --
22 well, no. Strike that.

1 Utilizing something like that would
2 certainly reduce your time, wouldn't it? Or you
3 wouldn't agree with that?

4 A. It would reduce the time in writing the
5 actual delivery service tariffs. Where our concern
6 would be would be how they do correlate back to our
7 bundled tariffs and our business systems. That's
8 why we believe the common outline takes into
9 account that common structure that he's after
10 without making all those other things be
11 reevaluated.

12 Q. All right. For example, if a utility
13 has its definitions say, to be real precise, in the
14 front part of its set of tariffs and the uniform
15 aspects or the pro forma tariff puts the
16 definitions in the delivery service tariff itself,
17 is that a major problem to pull the definitions out
18 of one part of Ameren's entire set of tariffs?

19 A. That would not be a major problem for
20 Ameren, no.

21 Q. But then would you think -- you
22 obviously put those definitions in that spot for a

1 reason because they apply to the bundled tariff
2 services also?

3 A. Some of them do. Some of them do, and
4 we have some -- most of our definitions are in what
5 would be phrased a customer or supplier tariff,
6 and, frankly, they're in both of them. It might be
7 a benefit in that regard to have them in one place
8 where we're now duplicating them. There are a few
9 definitions that are in the specific tariff sheets,
10 and we might still keep that duplication if there
11 was a common definition section just because it
12 makes more sense to the reader to look at it right
13 there.

14 Q. And then I have to keep going because I
15 keep remembering things. Mr. Alongi said something
16 about in his testimony that if you want to use
17 tariffs, use Commonwealth Edison's. Do you recall
18 that at all?

19 A. Yes, I do.

20 Q. Would that make it -- that would not
21 make it any easier on Ameren to use Commonwealth
22 Edison's tariffs as opposed to Mr. Rea's

1 suggestions.

2 A. No, it would not.

3 Q. And does that get to the fact that every
4 utility is organized differently?

5 A. Both structurally and their tariffs are
6 organized differently, yes. What are riders versus
7 rates, things like that, become very important.

8 Q. And I guess it's part of the tariff
9 process. Something that's in a rider, a customer
10 would have to be taking service under the actual
11 tariff, right, to be subject to the rider?

12 A. They take it under the rate, and then
13 they could hang the rider on top of it.

14 Q. Okay. So that could pose potential
15 problems if the Commission tries to put items in a
16 rider?

17 A. Certainly as compared to the way we have
18 built our own individual ones, that would be a
19 major concern, how that resulted.

20 Q. But, again, there's no magic that if you
21 call your rates service classifications and someone
22 else calls them rates with initials, is there?

1 A. That part is not as important to us as
2 what the processes described in the tariffs are.

3 Q. So there are certainly some cosmetic
4 changes that the utilities could make that would be
5 relatively painless?

6 A. And we have agreed to some of those in
7 the stipulation in this interim order and believe
8 that a large number of them would result in the
9 common outline approach.

10 EXAMINER WALLACE: All right. Thank you.

11 (Witness excused.)

12 EXAMINER WALLACE: Let's go off the
13 record a minute.

14 (Whereupon at this point in
15 the proceedings an
16 off-the-record discussion
17 transpired.)

18 EXAMINER WALLACE: Back on the record.

19 We will adjourn until tomorrow at 9:00 a.m.

20 (Whereupon the case was
21 continued to December 13,
22 2000, at 9:00 a.m. in
 Springfield, Illinois.)

1 STATE OF ILLINOIS)
)SS
2 COUNTY OF SANGAMON)

3 CASE NO.: 00-0494

4 TITLE: ILLINOIS COMMERCE COMMISSION
 On Its Own Motion
5 - vs -
 CENTRAL ILLINOIS LIGHT COMPANY, et al.
6
7
8
9

10 CERTIFICATE OF REPORTER

11 I, Cheryl A. Davis, do hereby certify that I
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14 reported in shorthand the evidence taken and
15 proceedings had on the hearing on the
16 above-entitled case on the 12th day of December,
17 2000; that the foregoing 191 pages are a true and
18 correct transcript of my shorthand notes so taken
19 as aforesaid and contain all of the proceedings
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 Dated at Springfield, Illinois, on this 14th
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